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# East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2375

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# EAST EUROPE REPORT

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WORK ON JOINT YUGOSLAV-ROMANIAN DANUBE DAM DESCRIBED

Bratislava PRAVDA in Czech 15 Jan 83 p 3

[Article by Jan Hrobar, Belgrade correspondent: "Harnessing the Danube Again; Construction in the Spirit of Cooperation and Friendship"]

[Text] The guide was in no hurry to answer my questions about the construction of the dam on the Danube which is designated Iron Gate No 2.

"You'll see everything," he said laconically. And he was right...

We had stopped at the Lookout, a place built up on a high knoll on the right bank of the Danube high above its current. The Lookout view encompassed a motel and coffee shop but what really brought us here was the glassed-in terrace which provides a view of the extensive building project which is harnessing the Danube once more.

It was slowly getting dark but even if it had been clear we still would not have been able to see the far reaches of the building site, it is so extensive. But they thought about that too here. On the wall there hangs a large plan of the construction and right next to it an illustrative model of the completed water project.

At Kilometer No 863 on the Danube

When one speaks of a dam and adds to that the Iron Gate it brings to mind an enormous dam erected in the path of the river which is hemmed in by high cliffs and hills...In this case everything is different. The location selected for the project is Kilometer No 863 on the Danube, measured from its mouth to the sea. The nearest point, about 10 km along the stream, is the Serbian city of Prahovo, clinging to the shores of the Danube and then not quite 20 km away is the Romanian-Yugoslav-Bulgarian triple boundary.

The terrain here is gently undulating, the right, Yugoslav, side rises to moderate hills, the left, or Romanian side, on the other hand, turns into flat lowlands...The famous Iron Gate, which with its rocky massif contains the great Danube River, is far upstream--almost 80 km. At the end of this "iron" constriction--at Danube Kilometer No 942--the first joint Danube dam was built with Romanian-Yugoslav cooperation, perfectly symmetrical in

design and one of the largest in Europe in size and capacity (with a total output of 2,050 MW and an average annual production of 11.3 billion kWh).

The new project here will consist of two hydroelectric power stations, two lock chambers with dock facilities and other installations but their arrangement will not be symmetrical. This is because of the terrain on which the project is being built and whose layout is being used both for the construction as well as the solution of technical and operational functions. The main characteristic of the work is making operational use of the position of Ostrovul Mare (Big Island), flat and long like a big fish. The island lies in the other half of the riverbed and between the left bank and the island flows the Little Danube or branch called Gogosul in Romanian.

The Romanian creators of the dam project placed the main body of the dam with the right lock chamber and facilities for the power station in the riverbed of the main Danube. The left lock chamber is already located off the area which runs across the lower point of the island. At the upper end of the island there will also be a facility which will dam up the Danube branch. This kind of segmentation gives the construction a very excentric profile and one that extends for many kilometers.

How is it that in spite of these differences the new construction is called Iron Gate No 2?

The explanation is of a technological nature. This whole area of the Danube, including the location of Prahovo, is known as the Iron Gate sector. From an operational aspect the two projects will depend on one another, for example, "Number 2" will raise the water level so much that even the first hydrostation will "feel" it to the extent that it will reduce its present capacity.

#### Revised Parameters

The following figures apply to the final water project: average height differential of the water level (descent of the water) will be 7.45 meters, the highest being 12.75 meters and the lowest a mere 2.5 meters. There will be 20 power units with a total capacity of 540 MW.

When we inquired some years ago about the construction of this power station we were given different parameters at that time--16 power units with a capacity of 432 MW...What are the correct figures?

The original information was accurate based on the original design, but in the meantime it was revised and the capacity of the energy obtained from the Danube was increased.

"In 1976 when we submitted the design for the hydroelectric station with an installed capacity of 432 megawatts both parties approved it without exception," explained the chief designer, Eng Felix Skvorcov, back in

Bucharest. In the meantime, great changes took place in the energy situation, power deficiency raised the criteria, demands grew and that led us to recheck the design, look for possible potentials and see how they could be utilized...We found the solution whereby we could increase the number of power units by 4, to a total of 20--10 for each side. The proposal was accepted by both the Romanians and the Yugoslavs and accordingly the operational design was finalized," explained the chief designer.

The improvement means electricity production is increased by about one-fifth. In the long-term perspective the amount of electricity produced by the hydroelectric station is important as it represents a welcome contribution to the energy balance sheet. And it is also nice testimony to the creativity of the Romanian science workers and their efforts toward the highest technical achievement.

#### A Battle Worthy of Hero of Labor

In accordance with the joint Romanian-Yugoslav agreement, the design and execution of the main construction work were assigned to the Romanians because most of the hydroelectric station facilities are situated on Romanian territory.

The construction work, which began in December 1977, is divided into a first and second stage. In the first stage, they are building the left part of the main body of the dam with buildings for the electric power station, the left lock chamber, the damming of the Danube branch--plus, naturally, all the rest that customarily is called the technical-material base of the project and which is self-evident, because without it any construction would be unthinkable: roads, stocks of materials, a central concrete-mixing plant, distribution systems for electricity and water, workshops and also social facilities for thousands of construction workers.

A look at the construction site shows that the working time schedule is still in the first stage. The raised arms of the cranes are swinging in a steady rhythm over what will be the future heart of the power station. From the left bank of the island, an extensive base covering an area of 25 hectares has been built for the construction site. Under its protection, the harnessing of the Danube was begun. On the right half of the riverbed, a channel 425 meters wide was left for its waters. The size of the open riverbed and the protective shield on the construction base were designed for a maximum water flow of 13,800 cubic meters per second. This figure was calculated as the maximum on the basis of a 100-year survey of the Danube's water flow.

However, a situation arose which no one had foreseen. In March 1981 the level of the Danube's waters rose to a degree which no one had remembered for 140 years. The flow of the water reached 15,000 cubic meters per second...The construction was threatened with disaster. Work on the project was stopped and all the workers' forces, technical as well as manual, were exerted toward increasing the safety of the building site in order to prevent it being flooded over. At one time it seemed that disaster was inevitable, that they would have to capitulate to the frenzied waters and

surrender the construction base and the results of several years' work. The estimated damages and time lost were dreadful...The enormous exertions, self-sacrifice and heroism of the builders in the end were stronger than the raging Danube. The position of the building site was saved but the struggle with the wild waters has seriously affected the construction time schedule.

#### Extensive Construction Site

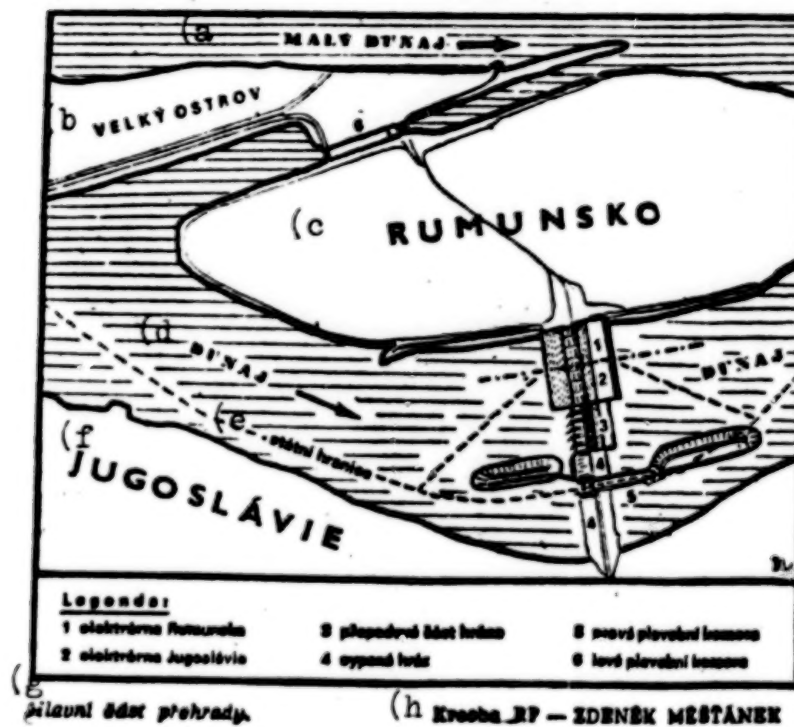
The construction work is not limited to just the main installation of the dam. Its grandiose expanse leaves its traces on the Romanian bank, cuts across the island as well as the Danube and stretches along the Yugoslav bank a length of 80 km up to the first dam in the Iron Gate. The bank is lined with concrete slabs and protective dikes have been built for any future higher levels combined with channels to carry off any undercurrent leaking through...On the Yugoslav side, over 600 houses will be inundated in three communities--Michajlovce, Brza Palanka and Vajuga--about 2,700 inhabitants will be moved to new housing quarters. On the road along the Danube, dismal views of already abandoned and half-raised houses alternate with cheerful sights of newly built modern housing projects in elevated areas.

Next in line now is the second stage of work, damming the Danube, the construction of the remaining facilities, as well as installation of the first power units, the building of which is shared by producers in Yugoslavia, Romania and the Soviet Union. Here too, cooperation between the partners, which had proved itself in the first Iron Gate project, will continue.

When we left the Lookout, dusk had already fallen on the countryside but building activity on the construction site continued. There was no indication that the working tempo would be slowing down or stopping. Floodlights on high poles were ready to make up for the sun which had hidden behind a hill.

"Work is continuous at the construction site," said our young guide whose job was to tell visitors to the Lookout about the building of the dam. It is really a tale of cooperation and friendship between neighbors without which such a project would never materialize.

(Drawing on following page)



**Key:**

- (a) Little Danube
- (b) Big Island
- (c) Romania
- (d) The Danube
- (e) State border
- (f) Yugoslavia
- (g) Main part of the dam
- (h) Drawing by Zdenek Mestanek

**Legend:**

- 1. Romanian electric power station
- 2. Yugoslav electric power station
- 3. Overflow part of dam
- 4. Filled dam
- 5. Right lock chamber
- 6. Left lock chamber

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## DEVELOPMENT, CONSERVATION OF ENERGY RESOURCES ESSENTIAL

Tirana RRUGA E PARTISE in Albanian Oct 82 pp 17-25

[Article by Agron Cuadari: "The Development of the Energy Industry and the Thrifty Use of Energy—Two Tasks in Mutual Unity"]

[Text] The overall development of industry, relying on the country's resources and raw materials, is one of the monumental works of the party and one of the greatest victories of our people. In the framework of this development, by carrying out in a creative and consistent manner the teachings of Marxism-Leninism about the socialist industrialization of the country, the party has always given priority to the industry of energy, to the extraction of oil, gas and coal, to the production of electric energy as a secure base for the development of all the branches of our socialist economy.

As a result of this evaluation and of the overall measures which the party has continually taken to explore the energy resources, we today possess a powerful energy industry which meets the increasing needs of the country for energy and which has become one of the most important sources for the increase of exports. "This," Comrade Enver Hoxha stressed at the Eighty Party Congress, "is a great victory for the party's correct policy and a secure base for the development of the entire national economy." (Enver Hoxha, "Report to the Eighth Congress of the AWP," p 19)

The directives of the Eighty Party Congress for the seventh five-year plan (1981-1985) call for new tasks in order to consolidate and further advance this victory, through the increase of production on the basis of the thrifty use, strict control and great profitability of all the energy resources of our country. During this five-year plan period, the development of the oil and gas industry, the extraction of coal and the production of electric energy will proceed at fast rates. Thus, in comparison with 1980, in 1985 the extraction of oil will increase by 58-60 percent, the extraction of coal by 48 percent, and the production of electric energy by 16 percent.

In the extraction of oil and gas, the tasks will be met by the resources which are being exploited and those which have been discovered and are being put into exploitation. The extraction of coal is based entirely on the rational exploitation of existing mines and on the opening of new ones. The coal mines of the Tirana basin will be among the most productive. Whereas the

production of electric energy will rely entirely on the complete and rational utilization of the existing hydroelectric and thermal plants, and the commissioning of the two turbines during the second half of 1985 in the Koman hydroelectric power plant, according to the pledge taken by the heroic workers of this great project, will enable the overfulfillment of the production of electric energy.

The fulfillment and overfulfillment of the set tasks depends on the many and different energy resources of our country, and on the capacities and the mobilization of that entire army of petroleum workers, miners, skilled cadres and specialists who have been trained with great care by the party so that they can solve the most complicated problems of the extraction of oil, gas, coals and the production of electric energy.

As a result of the work carried out by the party organizations and their levers for the fulfillment and over-fulfillment of the tasks in the field of the development of the energy industry, the workers in the field of energy have achieved high results during 1981 and during the current year in all the technical and economic indicators of the plan. Thus, for example, during the eight months of this year alone, over 28 million cubic meters of gas, and 7,000 tons of coal were extracted above the plan, over 93 million kwh of electric energy were produced above the plan, the export plan of fuels and of electric energy was overfulfilled, and the expenditures of production were reduced beyond the plan tasks by 8.5 million lek, whereas the accumulation plan was over-fulfilled by 4 million lek.

But this does not mean that all the capacities and the reserves which exist have been exploited. Life has created and continues to create problems which must be solved on healthy scientific bases. Thus, although the tasks of the five-year plan period have been based on secure resources and on powerful material-technical bases, the securing of high levels and the confrontation of the difficulties which the imperialist-revisionist encirclement creates, have raised a series of problems, the solution of which requires allround ideopolitical and organizational-technical measures specific for each branch of the energy industry.

Presently, the extraction and the processing of oil and of gas occupy the principal place in the sources of energy. And it is a fact that the results of the past few years in the exploration of oil and gas stratas have created a healthy and clear geological situation for the fulfillment of the tasks in the discovery of new reserves, to provide a better basis for the tasks for the extration of oil and gas, and to open new perspectives. But the negative results in some wells and structures, delays in putting into production the recently discovered resources, have necessitated the further strengthening of scientific work, the raising of the effectiveness of the use of the material-technical base and of the investments in the field of prospecting and exploration, by using advanced methods and by expanding complex studies.

In particular, the workers of the petroleum scientific institutes, the geological institute, of the complex geophysical enterprises, of the scientific sectors in the technological institute and of the geological branches of the

drilling enterprises, face great tasks. The perfecting of the methods which we employ, the raising of the effectiveness of the programs in the electronics center, the composition and combining of all the voluminous materials and of the facts collected by the methods of the complex, constitute a healthy base for drawing conclusions and better consolidating the basic laws of prospecting methods, and for carrying out more precise projects.

All the possibilities exist, on the basis of the acquired experience, for the complex geophysical enterprises to organize work better than they have done so far and to take more complete technical-organizational measures to secure in the field a primary material and of the highest quality possible, and to carry out a more profound work and interpretation of this material, by subjecting it to scientific comparison and debate in the work groups and even the scientific council of the Institute of Geology and Petroleum and by coordinating the new data with the known data, with the geological constructions which have already been verified by the existing wells. Whereas, the cabinets and the sectors of the Petroleum and Gas Institute must expand their work especially with regard to the paleontological, petrographic, geochemical, hydrogeological studies, as well as in the field of stratigraphy, of tectonics and so forth, in order to better assist the entire scientific research work which is being carried out in the oil industry.

The discovery and putting into production of the new oil fields and the expansion of the existing oilfields are closely related to the increase in the pace of drilling. As a result of the measures taken in recent years, despite the fact that the average depth of drilling has increased from year to year, the drilling rates measured in rig-month speed, have increased constantly. Thus, for example, in 1981, the rig-month speed was fulfilled 7,3 percent more than in 1980. In 1982 too, it is expected that it will be by about 7 percent higher than in 1981. But these results in the average rig-month speed, if compared with the growing tasks and with the indexes attained by the many progressive drilling brigades are relatively low and there is no room at all for complacency. To get an idea of the reserves and the capacities which exist, it is enough to refer to the achievements of the brigade of well No 41 in the "C" oil field, of the brigades of wells Nos 25, 53, 44, 21 and 31 in the "A" oil field and others, which have achieved 30-80 percent higher drilling speeds than planned.

The discussions carried out to generalize the experience of these brigades have shown that they operated with nothing more than many other brigades with regard to the material base and the conditions of the field. The basis of their successes lies entirely in the more skilled work of the party organizations of these brigades with the people, by putting the accent on the strengthening of the socialist attitude toward work and property, on the perfecting of the work organization and the implementation of the technical-scientific discipline, whereas the Trade Union and Youth organizations have been placed on militant positions to meet the pledges, to raise the level of training of the workers, especially of the youths, to expand the progressive experience between replacements and so forth.



In implementing the directive of the Eighty Party Congress that oil and gas resources should be used wisely by thinking about the present and the future; in the technology of the exploitation of the oil and gas wells more and more attention is being devoted to the secondary intensified methods. In this field, which has to do with the activity in the bottom section of the wells, parallel to the use of the known methods, such as those of the chemical and physics processing and of isolating processes, experiments have been carried out and some other methods are being successfully carried out, such as hydraulic explosions, oriented workings and so forth. Studies have also been completed also for two new methods of operating in layers, the so-called secondary methods, such as the injection of steam and of carbonic gas, which will also be applied soon. But despite the measures which have been taken and the results attained, the number and the effectiveness of the secondary intensified operations have not reached the required level. The shortcomings which are evident in some cases in the quality of work, in the determination of the most suitable receptors, especially in the effective use of the tools, machines and tractors, have had the result that frequently the best conditions have not been secured for the exploitation of the oil resources, to lower to a maximum the number of wells which are dried-up to eliminate water at the bottom of the oil wells, and so forth. It is important that parallel to the measures which have been taken in the field of the organization of scientific forces, such as the creation of the Technological Institute, the strengthening of the cabinets with skilled specialists, the setting up of the specialized enterprise for intensified and secondary works, the work must also be improved to raise the effectiveness of the study and research work and to implement the intensified and secondary methods through a high technical discipline.

Among the energy resources of our country, an important place is occupied by coal, a mass solid combustible element and with great economic advantage. Therefore an ever greater attention is being devoted to the increase of the production and to the improvement of the quality of the extracted coals, a fact which has created more and more conditions and possibilities for the replacement of oil by coal, as a fuel. During this year too, the tasks for the January-September period have been fulfilled by all the mines. The best results have been attained by the working collectives of the mine "Hero of Socialist Work," in Memaliaj, and the Mborje-Drenova and Alarupi mines. But the mine of Valiasi, too, is proceeding resolutely in the fulfillment of the tasks for the five-year plan period.

Nevertheless, the attainment of the objectives set by the party in this sector requires a more skilled and resolute work, both on the part of the party organizations and of their levers in the mines, as well as by the state organs in the districts and the energy industry, in order to solve some problems which have become an obstacle to advancement at faster rates. The securing and the training of the labor force, the strengthening of work discipline, the improvement of the technology of extraction and the raising of the level of mechanization in all the mines cannot be attained without coordination of work, from the grassroots level and up to the central ministries, without a better programmed and better monitored work, under the leadership of the party organizations.

Special attention should be given to increasing the coefficient of coal extraction, by carrying out the most suitable possible and most profitable exploitation methods. In this framework, the exploitation of the thin layers of the Mezezi mine, which constitute 20 percent of the quantity of the coal which has been planned for extraction from this mine during this five-year plan, has been considered important. And this experience will be expanded in other mines too.

But a host of complex problems also arise in the domain of improving the quality of coals, working conscientiously to rid them of inert elements beginning at the extraction front, keeping the selection plants in operation all the time and increasing their number in the new mines, and securing the speedy transportation of the coals from the mines to the consumer, because frequently the creation of stockpiles in the stopping-off points, dampness, pollution and the mixing of coals with inert materials in these points and in the storage areas, reduce their quality considerably.

The over-fulfillment of the production plan for electric energy during 1981, and especially the fulfillment of the nine-months plan, under the conditions of the great drought of that year, is a great success of the party's policy. This is the reason, as Comrade Enver Hoxha stressed in the meeting with the cadres of the districts of Korce and Pogradec in Drilon, why our enemies, although they speak against our state authority, although they try to minimize our great achievements, have no choice but to say that Albania has correctly assessed the importance of water and of electric energy and that it has solved this problem very well.

In order to confront the increasing demands for electric energy, concrete tasks have been established for this five-year plan with regard to the intensive exploitation of the water resources in which our country is quite rich. In addition to the Koman hydroelectric power plant, which will be the most powerful built so far, plans are being drawn for the building of other large and small hydroelectric power plants not only to meet present and future needs, but also to increase the export of electric energy.

The exploitation of water and thermal capacities which we now have in use, the rational processing of water and combustible materials and the putting into operation of the new energy giant, the Koman hydroelectric power plant in 1985, the construction and the putting into operation of powerful 220 and 400 kw power lines, fully guarantee the over-fulfillment of the production plan for electric energy for the current five-year plan.

For this branch of energy too, the workers, cadres, the engineering and technical personnel and the scientific institutions face quite a few tasks and problems which must be studied and solved on scientific bases. The studying and design of large and small energy projects which will be built now and in the future, by always keeping in mind their use not only for the production of electric energy, but also for irrigation, the expected increase of the loads of energy units during various periods, the determining of the rotating power reserve and of its distribution through generating resources, the optimal distribution of fluids, aiming for the reduction of losses of

energy, the determining of the levels of electric power in the central points of the system, the problems of the stability of insulation of lines and so forth, require a great and organized involvement of all the scientific forces, a coordination and harmonization of the work of all scientific institutions, of the researchers, designers and executors of the projects and of the utilizers of the projects. And on this basis it is necessary to deepen and strengthen the organizational-technical measures to raise the technical readiness of the energy machinery and of the transmission network, to guarantee a steady supply of electric energy to the consumers, especially heavy and important consumers.

The Eighth Party Congress, parallel to the tasks for the increase of energy resources, also assigned great tasks for their use with a strict regiment of conservation, considering the great development of the energy industry and the thrifty and strictly monitored use of energy to be a single entity.

The assignment of the task of strengthening the system of conserving combustible energy resources and energy, petroleum and its by-products, coals and electric energy, does not mean that we are experiencing an energy crisis, that we are being threatened by the same epidemic which has gripped by the throat the capitalist, bourgeois and revisionist world. On the contrary, we satisfy, with our energy resources, the needs of the economy which are constantly on the rise, and we export the surpluses of the by-products of petroleum, of coal and of electric energy. But by its very nature our socialist order requires a strict regiment of conservation, in the use of energy like in all other fields. The thrifty, calculated and monitored use of combustibles and of electric energy is a permanent task for all the workers. It becomes even more imperative under the conditions of our great development, in which the demands for energy increase considerably, as well as in the conditions of the energy crisis which has gripped the world capitalist system, in which the exportation of combustibles and of electric energy represents one of our weapons to break the fierce capitalist, bourgeois and revisionist blockade toward our country.

"A sense of thrift, the economical use of raw materials, and particularly of petroleum, gas, coals and electricity," Comrade Enver Hoxha teaches us, "must be deeply rooted in the consciousness of all our workers. This saving must take place everywhere: in prospecting, drilling, in extraction, wherever they may be used, because these raw materials represent a great and irreplaceable wealth for our people and economy. Excessive and unnecessary expenses harm socialist construction." (Enver Hoxha, "Report to the Seventh Congress of the AWP," p 51)

Life shows that in order to further advance achievements in the economical use of fuels, electricity and other combustible materials, it is necessary that, along with the measures for continually improving the political-ideological awareness, raising the technical-professional skills of the workers to a higher level, developing and spreading the creative thought of the working masses, that efforts be made to resolve some technical and organizational problems, which are becoming an obstacle for the exploitation of

all the possibilities which exist for the rational use of energy resources.

Among the many factors which assure the conservation of combustible materials, of special importance is also the further perfecting of the planning of tasks not only for extraction and processing, but also for their distribution and use. Like everywhere else, in the field of the use of combustible materials and of electric energy too, the tasks are planned for each unit of production and work. But the methods which are used for the planning of the needs are not suitable for the present level of the intensive development of the economy and for the tasks for the strengthening of the regimen of conservation. Thus, the planning of the needs continues to be carried out in terms of global indicators, the norms are determined according to physical indicators and not in terms of conventional qualitative indicators, as, for example, in calorific indicators, and so forth. And it is clear that behind the norms for the planning of the needs for combustible materials and electric energy in global physical indicators are easily hidden shortcomings and weaknesses in organizational and management work in the struggle to use them economically and effectively, in order to avoid the use under unsuitable conditions, of the boilers, the engines and other equipment, and to increase the demands of the consumers on the producers in regard to the quality of combustible materials.

Practice provides us with much information which shows that as a result of the failure to set norms on sound scientific bases for the use of combustible materials and electricity, the planning of the needs for them is carried out on the basis of exaggerated demands. And this is the cause of what happens in some enterprises, in which at a time when the production plan for steam is surpassed, stockpiles of coal are created with all the negative consequences of these stockpiles such as self-combustion, dust and the damage of the quality of coal and so forth. The same thing happens in the planning of the demands and the use of electricity, therefore there are quite a few enterprises in which, although the demands for electricity are somewhat reduced, and although there are losses and abuses, nevertheless the plan for the use of electricity is not fulfilled, even when they over-fulfill the production tasks.

This is why it has become necessary to perfect norm-setting in the use of energy for every work process, aggregate and machinery, taking into consideration the technical and technological improvements, the training of the workers and progressive experience, something which inspires one to find ways and capacities and to carry out the concrete measures which assure the conservation and high effectiveness of energy. And it must be said that at present all conditions exist for the norms of consumption of combustibles to have a common denominator, their calorific power.

The replacement of fuel and gas materials with coal has been and remains one of the important directions of work to raise the effectiveness of the use of energy resources. On the basis of the concrete tasks which have been established in this direction, some valuable studies have been carried out and execution designs have been completed for some boilers, whereas in some



enterprises, such as in the paper factory at Kavaje, the boilers which operated on liquid fuels, as a result of the persistent work of the technicians, have been adapted to operate on coal, and in the Cerriku thermo-electric power plant work continues so that, within the first half of 1983, it will be able to convert to the use of coal in place of tar with an annual saving of 12-15 thousand tons of tar.

But this problem is not evaluated properly everywhere. Influenced by narrow interests and easy consumption, some enterprises continue to show a lack of serious evaluation of this problem and the lack of a concrete commitment, especially on the part of the engineering-technical personnel, to put into practice the replacement of liquid fuels, in particular, of tar, distillate, of solar oil and of coal gas according to the specified tasks. In this lack of readiness and involvement, a role is played by the insufficient work which has been carried out to raise the effectiveness of the burning of coals, for the reconstruction of boilers in such a way that the burning of the coal is not carried out through cavities but through injection, something which increases by 10-20 percent the utilization of the calorific power of the coal, for the distribution of the coals according to the characteristics of the boilers and so forth.

The return of the condensate to the boiler is also very profitable. Some 30-40 thousand tons of coal than needed are still being used each year because the condensate is not being converted in the planned quantities, and as a result, in all the boilers of the steam production, not only are the norms for the use of coal high, but also the established norms are frequently surpassed. Some difficulties which arise with regard to the securing of tubes and of equipment, as experience shows, can and should be overcome within a short period since there is no lack of reserves and capacities. This is also shown by the experience of the workers of the textile plants, who through the measures which they have taken, have doubled the quantity of condensate returned to the boiler, something which has resulted in a considerable conservation of combustible materials. It is important to devote more attention to the problems of thermoenergy in every work and production center, by examining and monitoring better than heretofore, the fulfillment of the technical-economic indicators, the securing of the necessary means and apparatuses, the training of workers and so forth, so that the technical parameters of the boilers, the temperature of gases, the draining of water, insulation and other things are brought within the planned indicators.

The experience gained, especially in the past two years, through the completion of important studies and through the carrying out of some concrete measures in connection with the replacement of liquid energy materials with coal, through the concentration of steam in some industrial zones, through the conversion of boilers from burning with cavities to burning with pulverization and so forth, shows that it is necessary to coordinate, better than heretofore, the work between the design, investing and construction institutions and the State Planning Commission.

As some studies which were carried out in 1981 show, the exploitation of energy resources in the principal industrial plants in which an important role is

played by secondary energy resources is very profitable. Preliminary studies have shown that in some of the large plants alone, there is an unexploited potential energy reserve equal to 50 thousand tons of conventional combustible material per year.

Thus, for example, in the principal plants of the metallurgical combine in Elbasan, despite the work carried out recently for the exploitation of such secondary energy resources, considerable quantities of fuel gases which are emitted during the technological process are still unexploited. Whereas all the possibilities exist that without making any supplementary investments, but only through the carrying out of the measures which the workers of this plant have proposed, this resource of high value can be put in full operation during 1983. And reserves of this nature, which are not being fully used, are to be found almost in all the industrial enterprises of the country in which various thermal furnaces and equipment are used. Considerable amounts of combustible materials are used in them, the smoke gas which are emitted with a temperature of 200°-600° C. At the same time, in the large industrial enterprises, such as the steel combine, in the petroleum processing plants, in the glass factories, in the copper plants and so forth, the possibilities exist for the heat of the gas of the smoke of combustibles to be used for the production of steam, for pre-heating of the air and of the combustible material itself, for the pre-heating of the raw material and so forth. The warm waters which are emitted by the various cooling technologies are also a source of heat.

The problems of the most economical and effective use of the combustibles and of electricity must be seen and treated in their entire complexity. The issue is not only to struggle against all manifestations of the mistaken attitude that, because we possess many energy resources, we can afford to consume energy as much as we want, but also to create correct and broader ideas about the fact that, within the framework of our entire socialist economy, the conservation of energy also includes the conservation of raw materials, of spare parts, the full use of other production capacities, because energy is consumed in their production work and in putting them into operation. From this point of view, the conservation of energy is an important indicator of the economic effectiveness of every action, investment and so forth.

The fulfillment of the great tasks set by the Eighty Party Congress for the overall development of the energy industry requires that the problems of the increase of the energy resources and of their economical use be treated as an entity and as problems which are not only of great economic importance but also of political importance for the construction of socialism through self-reliance, whereas their solution requires, as Comrade Enver Hoxha stresses: "a well organized, disciplined and systematic work, on healthy scientific and methodical bases." (Enver Hoxha, "Report to the Eighty Party Congress," p 20)

CSO: 2100/17

REPORT, COMMENT ON FULFILLMENT OF 1982 ECONOMIC PLAN

Sofia RABOTNICHESKO DELO in Bulgarian 29 Jan 83 pp 1-2

[Announcement of the Committee for the Unified System for Social Information of the Council of Ministers on the Fulfillment of the Unified Plan for the Socioeconomic Development of the Bulgarian People's Republic in 1982: "Stable Development and Clear Prospects"]

[Text] During the second half of the 8th Five-Year Plan the working people throughout the country continued to implement the decisions of the 12th BCP Congress. In accordance with the congress' decisions and the assignments set at the October 1981 National Conference, the efforts were focused on the implementation of the party's line of intensifying production and servicing activities. Under the conditions of the application of the new economic approach and its mechanism, the labor collectives deployed socialist competition for even higher work efficiency and quality and, on this basis, further upgrading the living standard of the people.

The annual state planned assignments were fulfilled and overfulfilled in 1982. The lasting positive trends of stable socioeconomic development and progressive structural changes in the economy were maintained. Compared to 1981, the following increases were achieved:

National income, by 4 percent;

Overall profits of economic organizations, 11 percent;

Installed productive capital, 2.2 percent;

Planned industrial output, 4.6 percent;

Overall agricultural output, 4.7 percent;

Foreign trade, 9.1 percent;

Retail trade, 4.9 percent.

Public production efficiency was enhanced. Social labor productivity accounted for the virtually entire increase in the national income. About three-quarters

of the country's national income were used to ensure the further enhancement of the living standard of the people and the comprehensive satisfaction of the increased material, spiritual and social needs of the population.

### Scientific and Technical Progress

In 1982 the scientific research and engineering-application organizations focused their efforts on achieving a number of broad scientific and technical accomplishments.

The annual plan for the developed topics and tasks was overfulfilled by 3.2 percent. The potential effect of the nearly 7,000 scientific developments which were applied is assessed at more than 700 million leva.

Efforts to create new and to improve existing goods and technologies continued. Their relative share in all topics under development reached 42.9 percent. The annual plan for the application of new and advanced technologies in industry was overfulfilled by 1.4 percent; the plan for the production of new and improving existing output was overfulfilled by 11 percent, while that for goods produced for the first time in the country, by 14 percent. A total of 254 mechanized and automated assembly lines were installed in industry and 16,800 workers converted from manual to mechanized labor.

A new success was achieved in the area of nuclear power industry: currently almost one-third of our electric power is generated at the Kozloduy Nuclear Power Plant. Following the installation of the new capacities, our country has the third largest production of electric power by nuclear power plants per capita in the world.

Technologies aimed at upgrading the quality of steel were developed and applied in metallurgy. The machine-building industry mastered the production of a number of new and improved items, including highly productive metal-cutting machines with microprocessor systems, industrial robots and manipulators, electric motors, switching equipment, boosting and acoustical equipment, pneumatic (logatori), logical integrated circuits, memory systems on tape with group coding, motorized trailers, bulk freight containers, and others.

The light industry economic organizations and enterprises applied a number of new varieties and improved the quality and artistic and functional standards of goods. The food industry produced more than 200 new types of foodstuffs, focusing its attention on variety and improving the quality of children's and dietetic food products. The pharmaceutical industry produced a number of new drugs, including "Monenzin" coccidiostatic antibiotic, the preparation "Karsil," the "Baralgin Ketone Substance," and others.

A new step was taken to improve the production and technical base in construction and transportation. Comprehensive technology for metal hauling and processing was introduced in the rail transport system. The use of magnetic-induction systems and dispatcher centers to control bus traffic was expanded. In air transportation, the first stage in the application of an automated



flight control system was completed. Using terminals for radio relays through the international satellite Inmarsat system, six Bulgarian ships were equipped.

Communications among subscribers to the national telex circuit with telex machines throughout the world were automated and drastically improved following the commissioning of the first totally electronized international telegraph station in the country.

Work to improve the ways and means of industrial raising of crops and yield programming continued in agriculture. The strain structure of a number of crops and animal breeds was improved through target selection.

### Industry

The industrial economic organizations and enterprises overfulfilled their state planned assignments for commodity production and marketing. Commodity output worth in excess of 36 billion leva was produced, or some 460 million leva above the plan. The annual growth of the industrial commodity output exceeded 1.5 billion leva.

In accordance with the strategic line formulated at the 12th BCP Congress, the output of sectors bearers of technical progress and regarded as the base for further accelerated economic intensification, continued to grow at a faster pace.

#### Increased Industrial Commodity Output Produced by the Economic Organizations in Basic Industrial Sectors

Basic Industrial Sectors	1982 Output in Percent of 1981
Power industry	106.6
Chemical industry	101.3
Metallurgy and mineral resources	102.4
Machine building and electronics	108.7
Light industry	103.9
Timber processing and cellulose-paper industry	103.6
Printing industry	101.0
Construction materials	100.6
Food industry	104.0

All okrugs overfulfilled their state plans for the production of marketable industrial commodities. A more substantial increase in output compared with 1981 was achieved by industrial enterprises in Blagoevgrad, Kyustendil, Sofia, Silistra, Ruse and Plovdiv Okrugs.

Increase labor productivity was the main factor in the development of industrial output in 1982. During the year the level of sectorial labor productivity increased by 3.8 percent and accounted for about 78 percent of the increase in output. Material-intensiveness of output was reduced. The overall profits of

industrial economic organizations rose. The majority of them overfulfilled their annual plans. High overfulfillments were achieved by the IZOT DSO [State Economic Trust], Transportation Machine-Building DSO, Metal-Cutting Machines Plants DSO, Elprom DSO, Resprom DSO, Neftokhim SK [Economic Combine], Farmakhim DSO, Rila SK, Pirin SO [Economic Trust], Pamukoteks SK, Dekoteks SK, and others. Individual economic organizations within the system of metallurgy and mineral resources and the chemical industry failed to fulfill their state plans.

The production of a number of basic industrial commodities increased, thanks to which the country was supplied with considerably greater amounts of important means for the production of goods for the domestic and foreign markets.

Production of Some Productive Capital  
for Industry and Consumer Goods

Industrial Commodity	1982 Output	1982 Output in Percent of 1981
Electric power, million kilowatt hours	40,438	109.4
Coal, thousand tons	33,512	108.5
Pig iron for processing, thousand tons	1,561	103.2
Ingot steel, thousand tons	2,586	104.1
Rolled ferrous metals, thousand tons	3,272	97.6
Gas operated lift trucks, thousands	24	114.8
Forklift trucks, thousands	39	95.7
Electric hoists, thousands	127	94.7
Asynchronous electric motors, thousands	1,233	113.0
Calcinated soda, thousand tons	1,459	99.3
Nitrogen fertilizers, thousand tons	760	101.0
Cement, thousand tons	5,614	103.1
Paper, thousand tons	351	102.0
Furniture, million leva	427	108.3
Cotton and cotton-type fabrics, million meters	365	103.5
Woolen and woolen-type fabrics, million meters	40	103.6
Silk and silk-type fabrics, million meters	36	101.4
Shoes (excluding rubber shoes and slippers), million pairs	19	100.1
Meat products, thousand tons	101	105.6
Cheese, thousand tons	97	101.3
Kasseri-type cheese, thousand tons	25	111.2

The following particularly important industrial commodities were produced above the plan: electric power, tractors, combines, general purpose lathes, electric motors, industrial robots and manipulators, tires, chemical fibers and silks, cement, cotton, woolen and silk fabrics, cheese, Kasseri-type cheese, meat products, tobacco products, and others.

Some economic organizations failed to fulfill their state plans for the production of cast iron for processing, ingot steel, rolled ferrous metals, highly productive machine tools, buses, polyvinyl chloride, phosphorus fertilizers, tiles, raw hides from cattle, sugar, shoes, canned fruits and vegetables, and nonalcoholic beverages.

#### Capital Investments and Construction

The fulfillment of the 1982 investments program was based on the task of the further development and improvement of the material and technical base of the national economy. Some 7 billion leva were invested to this effect. Most of the capital investments--about 75 percent--were channeled into material production sectors and of these, more than 67 percent were used for modernization, reconstruction and expansion of existing production capacities.

The construction and installation organizations carried out construction projects as chief contractors, worth 3,680,000,000 leva, or 1.5 percent more than in 1981; however, the annual planned assignments remained underfulfilled by 2.3 percent.

The average wage level of those engaged in basic activities in construction and installation organizations reached 14,497 leva or 4.6 percent compared with 1981. The plan was overfulfilled by 2.7 percent.

The efforts of construction and installation workers were focused mainly on completing the target projects; the construction of such projects worth 2,070,000,000 leva, or 56 percent of the overall volume of construction and installation work done during the year, was completed.

A number of projects and capacities important to the national economy were completed and commissioned. The power balance of the country was increased with the installation of the fourth reactor at the Kozloduy Nuclear Power Plant, with a 440 megawatt generating capacity. Following the commissioning of capacities at the Neftokhim SK in Burgas, for the annual production of 1,500 tons of thermal cracking, 1,500 tons of catalytic cracking and 80,000 tons of ethylene oxide and ethylene glycol, the level of petroleum refining improved. The reconstruction of the economic chemical combine in Vratsa, aimed at the production of 100,000 tons of ammonia and 200,000 tons of carbamide, was completed. The second electrosteel smelting furnace at the Lenin Economic Metallurgical Combine, with a capacity for 500,000 tons of steel per year, and the productive capital at the Elatsite Copper Concentration Combine, the heavy machine-building plants in Radomir and Ruse, the Magnetic Disks Plant in Pazardzhik, the steel-casting plant in Rakovski, and others, were completed. Another 80 kilometers of railroad tracks were doubled and 166 kilometers were electrified. Another 51 kilometers of highways were completed. Capacities were commissioned for the production of consumer goods at the Plastic Goods Plant in G. Delchev, the Vida ZPG [Pneumatic Tires Plant], a vegetable base in Sofia, the baking plants in Velingrad and Tryavna and others, were commissioned.

In 1982 the productive capital stipulated for the economic chemical combine in Dimitrovgrad, the L. I. Brezhnev Economic Metallurgical Combine in Kremikovtsi, the G. Damyanov Copper Extraction Combine and some of the projects for the production of consumer goods were not completed.

The construction and installation organizations built new housing worth 682 million leva or 3.4 percent more than in 1981. However, the state planning assignment remained underfulfilled.

#### Agriculture

The total produced agricultural output exceed 8,660,000,000 leva. Compared with 1981 crop output increased by 6.4 percent and animal husbandry output by 3.0 percent.

The production of basic farm commodities increased. Particularly significant results were achieved in grain production intensification. A total of 9,957,000 tons of grain crops or 15.3 percent more than in 1981 were harvested. Compared with 1981 production increases were as follows: sunflower, 9.3 percent; sugar beets, 33.6 percent; and tobacco, 12.3 percent. Vegetable production increased 1.3 percent compared with 1981. However, the production of tomatoes and green peppers for table consumption declined; potato production increased by 15.5 percent and that of grapes by 3.5 percent. As a result of adverse weather conditions in blossoming and germinating periods the output of basic vegetable crops declined.

Production in physical terms increased in animal husbandry.

#### Production of Basic Animal Husbandry Commodities

Basic Commodity	1982 Output	1982 Output in Percent of 1981
Meat, slaughtered weight, thousand tons	728	104.7
Milk, raw, million liters	2,339	105.0
Eggs, millions	2,506	103.1
Wool, tons	35,121	100.5

Efforts were made to surmount the difficulties in the reproduction of the herds resulting from decreased feed production in 1981.

### Number of Livestock in All Farm Categories

Animal	1982 Output	1 Jan 1983
		in Percent of 1 Jan 1982
Cattle	1,783	98.7
Including cows	703	99.5
Sheep	10,861	101.3
Hogs	3,809	99.1
Poultry	42,861	105.7

The efforts to expand the output of agricultural commodities in the auxiliary farms of industrial, construction and other enterprises and population private plots continued successfully. The overall agricultural output from the private plots increased by 4.7 percent compared with 1981.

The producers sold the state economic organizations and enterprises more food and feed grain, Turkish tobacco, grapes, cattle and poultry for slaughter, milk and others, compared with the planned figures. The planned assignments for sales of vegetables, fruits and eggs remained unfulfilled.

Agriculture was supplied with more than 1 million tons of chemical fertilizers, nearly 3,600 new tractors, more than 1,200 grain combines and a large number of other types of agricultural machinery and transport facilities. This was of major importance in the successful implementation of the main tasks in agriculture.

### Transportation and Communications

The public use transportation and communications economic organizations fulfilled their annual plans for their basic indicators.

Compared with 1981, the volume of freight hauled increased by 8.5 million tons or 2 percent. The timely haulage of agricultural commodities and of imported and exported goods was secured. Compared with 1981 increases in hauled goods was as follows: by rail, 3.1 percent; public use automotive transportation, 2.5 percent.

Labor productivity in railroad transportation was 1.2 percent higher compared with 1981. It was 2.3 percent higher in automotive transportation for public use, 13.9 percent in river transportation, 0.6 percent in air transportation and 2.4 percent in urban passenger transportation in Sofia.

Compared with 1981 better results were achieved in a number of basic technical and economic indicators. Turnover time in rail transportation per freight car was reduced by 3.32 hours; section speed increased by 6 percent, technical speed increased by 1.7 percent and the average gross weight per freight train increased by 0.5 percent. The average load per ferry boat increased by 4.2



percent and its turnover time was reduced by 1 hour. Truck use was improved by 2.6 percent and the use of truck trailers by 3.4 percent.

Compared with 1981 passenger transportation increased by 2.7 percent. A total of 87,000 new passenger seats were provided. Another 498 bus lines were opened, in conurbation systems of the fourth and fifth functional type mainly. The observance of schedules improved in all transport facilities. Along with the positive results which were achieved, the stricter requirements concerning the quality of services were not met in serving the population of some settlements. An overloading of vehicles in urban transportation in the large cities was allowed in rush hours. Delays of transport facilities were allowed to occur.

The annual plan for income from communications services was overfulfilled. Compared with 1981 such income rose by 6.5 percent.

Labor productivity in communications was 6.5 percent higher compared with 1981.

The postal system was expanded by another 27 post telegraph and telephone stations, 21 of which in the villages. A total of 131,321 new telephone sets were installed, 94,721 of which for home use. Another 182 telex instruments were installed. One television transmitter, 26 radio relay centers and 58 television relay centers were commissioned. The quality of telephone services remains unsatisfactory.

#### Foreign Economic Relations

The lasting positive trends in the foreign economic relations of the Bulgarian People's Republic were strengthened further in 1982. The country's participation in the international division of labor and, above all, in socialist economic integration continued to develop and to improve throughout the year. Particularly fruitful trade and economic relations were developed with the CEMA-member countries. New successes were achieved in the process of economic rapprochement between Bulgaria and the USSR.

The value of foreign trade reached 21.6 billion foreign currency leva. About 74 percent of the trade was with the CEMA-member countries, about 54 percent with the USSR alone. Trade with the developing countries increased considerably as well.

The trend toward improving the export structure continued. The share of machines and equipment for industrial purpose reached 47.0 percent of total exports, compared with 45.8 percent in 1981.

During 1982 as well Bulgaria was one of the countries with developed international tourism. The country was visited by 5.6 million foreigners.

#### Environmental Protection

About 362 million leva were spent during the year on environmental protection measures. A total of 704 projects for the protection of the air, water and soil and the fight with noise pollution were commissioned.

The trend toward improving the condition of the air and water in some parts and along some rivers in the country continued. The share of tapped harmful substances ejected into the atmosphere along with industrial gases reached 77.4 percent and the percentage of treated waters in the overall volume of effluents totaled 46.8 percent. New recycling systems for about 312 million cubic meters of water per year were built. The construction of urban treatment stations is still too slow; 64 percent of the annual capital investments were used in their construction.

A number of steps were taken for the preservation of the soil. Another 483,000 decares were protected from erosion and another 17,000 decares of spoiled land were recultivated. Nearly 33,000 decares were drained. Chemical reclamation measures for restoring the fertility of the soil were carried out over 155,000 decares of saline and excessively acid soils. Biological means and integrated plant protection measures were applied on 3.8 million decares. Nearly 326,000 decares in new trees were planted.

The management of the protected natural sites was improved. During the year 147 new projects were found, studied and taken under the protection of the law on the defense of nature.

#### Living Standard

The positive results achieved in the development of the national economy created the necessary prerequisites for further improvements in the living standard and fuller satisfaction of the growing material, spiritual and social needs of the people.

The average monthly wage of people employed in the national economy reached 197 leva. The real population income continued to grow and was 3 percent higher compared with 1981.

The population's income in terms of public consumption funds increased, reaching 734 leva per capita or 5.5 percent higher than in 1981. In accordance with the stipulations of the 12th party congress, the pensions of more than 400,000 retired cooperative farmers were increased by an average of 32 percent. The average monthly pension was 6.8 percent higher than in 1981.

In accordance with the December program and the decisions of the Ruse conference, the production and imports of a richer variety of consumer goods continued to increase. Compared with 1981, the volume of commodities offered on the domestic market increased by 6.5 percent, while the volume of locally produced commodities increased by 4.8 percent. Further improvements were made in the structure of commodity stocks. The commercial network offered a number of new varieties and high quality goods.

Sales worth 13.3 billion leva were achieved in retail trade, including public catering, and the annual plan was fulfilled 100.2 percent. Retail trade in all okrugs was higher than planned and than the 1981 level.

Population supplies with food products developed normally. The retail trade network and public catering institutions sold greater quantities of meat, meat

products, cheese, Kasserri-type cheese, butter, vegetal cooking oils, confectionary goods, and others compared with 1981. Sales of ready-made clothing, upper and lower knitted goods, hose and shoes increased. On this basis, and as the result of the positive accomplishments of the private farms, the further increase in the consumption of food products, clothing and shoes was achieved.

**Average Per Capita Consumption of Basic Comestible  
and Noncomestible Goods**

Commodity Group	1982 Consumption	1982 Consumption in Percent of 1981
Meat, kilograms	68.6	103.0
Fish, "	7.5	104.2
Milk (excluding the amount processed for butter), with a 3.5 percent fat content, liters	206	103.5
Eggs	220	105.3
Vegetal cooking oils, kilograms	15.0	100.7
Butter, kilograms	2.7	103.8
Sugar, "	35.0	99.7
Rice, "	4.3	102.4
Cotton fabrics, square meters	26.8	100.0
Woolen fabrics, " "	4.8	104.3
Silk fabrics, " "	4.0	100.0
Knitted goods, pieces	12.6	100.8
Shoes, pairs	2.3	104.5

Consumption of vegetables and other produce and industrial goods increased as well. Sales of a number of household and cultural goods increased, such as color television sets, automatic washing machines, cameras, tape recorders, electric ranges, carpets, passenger cars, and many others. This ensured the fuller satisfaction of the domestic and cultural needs of the people compared with 1981. Availability of basic furnishing items and durable goods per 100 families was as follows: television sets, 83; radio receivers, 91; washing machines, 77; household refrigerators, 84; and passenger cars, 32.

Some foodstuffs and durable commodities were in short supply during some parts of the year because of the insufficient resources and organizational weaknesses.

A number of steps were taken throughout the year to improve the material and technical base in trade and trade service standards. The commercial network, including enterprises and organizations, was expanded with the opening of another 760 stores and 850 public catering institutions. The use of modern trading and trade service methods expanded.

Consumer services were developed further. compared with 1981 services provided to the population increased by 7.1 percent. There was a substantial



increase in services provided at home in the installation and repair of large household items, furniture, television sets, and others. New types of services were provided such as comprehensive house cleaning, delivery of passenger car batteries at home, and others. Compared with 1981, more services were provided in maintaining and repairing motor vehicles by 20.6 percent; laundry, 12.8 percent; maintenance and repair of household equipment, 10.8 percent; maintenance and repair of radio and television equipment, 9.7 percent; dry cleaning, 8.4 percent; and furniture and woodwork services, 5.2 percent, etc.

The quality of services was adequate. Violations of rules and deadlines for filling orders were allowed. Material facilities were expanded and modernized at a pace consistent with increased requirements, which also adversely affected population services.

Another 67,980 housing units were completed and delivered for use.

During the year 92,000 boys and girls completed their secondary education and 16,800 young specialists completed higher education, 5,600 of which graduated in the engineering and technical fields. At the beginning of the 1982-1983 school year the number of students attending secondary, and semi-higher and higher educational institutions exceeded 424,000.

Material facilities and cadre support in health care expanded. There were an average of 395 citizens per physician in 1982 compared with 403 in 1981.

By the end of 1982 the Bulgarian population totaled 8,929,000.

The positive results achieved during the second year of the 8th Five-Year Plan are another successful step toward the comprehensive implementation of the unified plan for the socioeconomic development of the Bulgarian People's Republic in the 8th Five-Year Plan and further gains in material production and upgrading the people's living standard (BTA).

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CSO: 2200/47

DECISIONMAKING BY AGRICULTURAL MANAGERS ENCOURAGED BY PARTY

Prague ZEMEDELSKI NOVINY in Czech 27 Jan 83 pp 1, 6

[Article by (IR): "Conclusions of the Seventh Plenum of the CPCZ Central Committee on the Activity of the Union of Cooperative Farmers; the Power of Socialist Large-Scale Production"]

[Text] Yesterday a joint meeting of the central and the republic committees of the Union of Cooperative Farmers [SDR] was held to discuss measures for the realization of the conclusions of the Seventh Plenum of the CPCZ Central Committee as they concern the activity of the union. The participants of the session heartily welcomed to their midst F. Pitř, secretary of the CPCZ Central Committee; T. Travnicek, vice president of the Central Committee of the National Front of the CSSR; J. Nagra, federal minister of agriculture and food, and a number of other guest speakers.

In the primary report, P. Jonas, president of the Central Committee of the SDR, mentioned that the power of socialist agricultural production has manifested itself even despite last year's complex [Federal Ministry of Agriculture and Food] and the Federal Office of Statistics, planned market agricultural production for 1982 was fulfilled 101.7 percent, which amounted to over KCS 68.7 billion.

Plans for People

This year's gross agricultural production is expected to exceed that of last year by 2.7 percent, of which 5.6 percent will be due to increased production of vegetables and grains. The task most important for our society is to reap 11 million tons of grain, or 7.1 percent more than last year. The federal livestock reserves should accumulate 1,485,000,000 tons of livestock for consumption, live weight and not including poultry, while there is to be a slight decline in pork and poultry.

In this connection, P. Jonas informed participants that they must focus their attention on the consistent clarification and discussion of the goals specified in the economic plans as they concern the basic work collectives.

The SDR must orient all its members toward the maximal utilization of reserves in the differing results of individuals, collectives and unified agricultural cooperatives [JZD], toward decreasing production expenses, and toward implementing scientific and technical advances. The goal of the day now is to perfect the system of socialist competition in cooperatives and to provide for its systematic development. Nor is there any place for formalism in the preparations for the annual meetings of JZD members, now culminating. These are to be preceded by production meetings in the workplace and at these, in particular, members of cooperatives must be won over to an understanding of the obligations attendant upon the 35th anniversary of the Victorious February.

#### Comrade F. Pitř Speaks Out

F. Pitř, secretary of the CPCZ Central Committee, voiced the opinion that union officials correctly understand the great demands of the present period. Despite a situation which offers limited possibilities for inputs, despite increasingly complex foreign relations, it is of decisive importance for the fulfillment of the program of the 16th CPCZ Congress that we make the best possible use of scientific and technological advances. The key to the intensification of such agricultural production is maximal economizing. Limits on the consumption of fuels, energy, materials, and fodders are an objectively specified reality of long-range validity, to which we must react with appropriate measures. This fundamental idea must be made understandable to all workers.

The primary target of this year's plan, Comrade Pitř stressed, is to restore the dynamics of development of agricultural production and by this to maintain our level of consumption of foodstuffs while at the same time improving their structure.

#### Room for Initiative

A prerequisite for initiative continues to be effective managerial and organizational activity. Measures adopted at the Fourth Plenum of the CPCZ Central Committee for improving planned management of agriculture have as their object not only a raised level of central management, but are also supposed to make room for more independent decisionmaking within agricultural enterprises. This factor, which is also a political one, is supposed to influence the economic thinking of work collectives, to strengthen their respect for collective ownership. This respect forms the basis for the further development of work activity and initiative.

The most recent period, which witnessed a pronounced decrease in the consumption of fuels and a limitation in the import of fodders, has confirmed that a number of outstanding production organizers have emerged in our agricultural system. Comrade Pitř informed participants, in this connection, that the party will continue to implement a policy of complete confidence in all managerial workers who accomplish tasks in a creative manner, independently and with determination. On the contrary, there is no place in agriculture for administrative methods of management and passive waiting for decisions to be made from above.

### Making Good Use of the Suggestions of Collective Members

It is also a task of the SDR to participate in implementing improved methods of planning and management, of khozraschet within an enterprise, of merit principles, and the like. But our greatest reserves are to be found in appealing to the basic units of collective workers. The administration of certain JZDs remains divorced from the membership basis. Comrade Pitr referred to this fact as wastage of people's views and suggestions. For this reason the union should afford more effective support to all those who are not afraid of conflicts, who enforce discipline and subordination, who consistently speak out against all manifestations of disruption of the moral and legal bases of socialist society.

Among those taking part in the discussion was also T. Travnicek, vice president of the Central Committee of the National Front of the CSSR. He evaluated the activity of the SDR, a firm constituent of the National Front, and thanked collective members for their help in fulfilling the election programs and in creating the Fund for Peace and Solidarity of the National Front of the CSSR.

In conclusion, top union officials gave their support to declarations concerning the contemporary international situation and the struggle for peace.

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CSO: 2400/132

## TEAM ORGANIZATION OF WORK, REMUNERATION EVALUATED

Bratislava PRAVDA in Slovak 5 Jan 83 p 5

[Article by Eng Juraj Karas, director of wage department, Ministry of Labor and Social Affairs of the SSR: "Inevitability of a Comprehensive Approach--The Team Method in Organization of Labor and Remuneration"]

[Text] In our situation, the team method in organization of labor and remuneration represents one of the forms of implementing the Set of Measures for Improving the Planned Management System of National Economy particularly in introducing scientific labor organization. It helps promote specification of superior standards for the [production] base, develop the khozrashchet system in enterprise subdivisions, apply the merit principle in remuneration and intensify the participation of our working people in the management of production.

Due to the new quality of relations bound to develop concurrently among members of a team, the team method in organization of labor and remuneration stimulates the progressive socialist development of personality. The application of new factors in organization of labor (for example, alternating jobs in the team, mastering several jobs, expanding the service areas) enhances the meaning and the appeal of work. The development of collectivism strengthens comradeship, comradely cooperation and willingness to fill in one for another. In such comradely relations, the team can better cope with the effects of physical environment and improve working conditions. Participation in the self-management of the team method in organization of labor and remuneration is reflected above all in the competence of the team to share in the management of the collective, to adapt to the functions of organization of labor, and to participate in making decisions concerning the deployment of workers. It has the right to check and assess labor and technological discipline and to determine remuneration; it plays an irreplaceable role in training young workers, etc. The team method in organization of labor and remuneration is characterized by implementation of team khozrashchet and by consistent application of the principle of merit, because rewards to the team depend entirely on the final results of its work, and rewards to every individual on his own share in those results. By creating desirable conditions in social and economic areas, the team saves labor value added and labor content, achieves better economy and higher quality of the product of work--in brief, higher growth of the social productivity of labor.



The team method in organization of labor and remuneration may be successfully introduced and developed provided that necessary organizational, technical and economic preconditions are met and political and organizational preparations are thorough.

The Federal Ministry of Labor and Social Affairs (in agreement with the CSR and SSR ministries of labor and social affairs) issued in July 1982, together with the secretariats of URO [Central Council of Trade Unions] The Principles of Experimental Testing of the Team Method in organization of Labor and Remuneration, as well as The Instructions for Procedures in Political Organizational and Technical Preparation and the Process of Testing the Team Method in Organization of Labor and Remuneration. By its Decision No 64 of 12 October 1982, the Presidium of the SSR Government approved the Procedures of State and Economic Organs in Political Organizational and Technical Preparation and the Process of Testing the Team Method in Organization of Labor and Remuneration, thus guaranteeing uniform application of the principles of experimental verification of the team method in organization of labor and remuneration.

To correlate the team method in organization of labor and remuneration as closely as possible with the system of management valid in individual branches, central branch organs, together with appropriate trade union committees, must issue their own procedural instructions which will safeguard the application of the principles of latitude in branches and in experimenting organizations, and create preconditions for the determination of the method of assessment (approval) in training of selected teams in experimenting organizations.

Preparations proper in experimental testing of the team method in organization of labor and remuneration will take place in organizations which will specify the rules for the enterprise. Sectors where the team method in organization of labor and remuneration is to be introduced must take certain measures of essential importance.

For instance, technological systems and work processes must be tested, and opportunities for the introduction of advanced mechanisms in labor organization must be pinpointed. The objective of the analysis of the process of production is to identify the potential for more economical consumption of labor value added and labor content. Newly organized teams must be integrated in the management system of the enterprise subdivision, and rules of team khozrashchet must be specified. Furthermore, rules concerning the authority of the team and of its leader must be determined, and the competence of the team's leader and foreman must be specified. It is important to identify the tasks in the social development of the team, for example, in the area of labor initiative, training in socialist attitude to work, forms of assistance to young and lagging workers, development of collectivism. In the same way, measures to improve working conditions must be taken. These tasks must be fulfilled with active participation and cooperation of the members of the teams now being organized; thus, the teams will become involved in further improvement of organization of labor and in adopting progressive tasks in counterplanning. Another essential task is to

draft a proposal for remuneration of the workers in the team, and to recommend a system for the distribution of the team's share of earnings according to the results of team khozrashchet. Finally, a plan (statute) for team activities must be set and discussed with the team. In addition to the title of the team and the name of its leader, the statute will contain the planned labor tasks, duties of the management of the organization to provide proper conditions for the work of the team, the team's pledge to fulfill its planned tasks, the stipulations for remuneration of the team, and the method of distribution of the share of earnings due to the team.

The economic management and the team will conclude an agreement which will also contain the method of discussion of the questions concerning the fulfillment of the duties of the management of organizations and teams. It should be noted that all questions concerning the life and work of the team now being organized must be discussed and resolved in cooperation with pertinent organs of the ROH [Revolutionary Trade Union Movement].

A document entitled Procedures of Political Organization and Technical Training in Enterprises Testing the Team Method in Organization of Labor and Remuneration, prepared and issued by the Czechoslovak Research Institute of Labor and Social Affairs in Bratislava in September 1982, may serve as a methodological guideline even during the preliminary stage of testing the team method in organization of labor and remuneration in enterprises.

Naturally, the team method in organization of labor and remuneration cannot simply be introduced and reap immediate benefits everywhere. Economically consolidated organizations offer it more opportune economic preconditions. Technological development calls for changes in the organization of labor. If this requirement is ignored, problems will arise in terms of efficient utilization of workers, unit time, period of preparation for work and finishing up work, and so on. As for organizational preconditions, the objective is formation of organizational structures which would facilitate expansion of the team method in organization of labor and remuneration.

The principle of comprehensive economic, technological and organizational preconditions implies that the team method in organization of labor and remuneration must be introduced in all formations of our enterprises. We stress the principle of comprehensiveness because some signals in the practice of enterprises indicate that managers of certain organizations are turning all preparations for the team method in organization of labor and remuneration and its testing over to sectors for labor and wages. However, those sectors cannot deal all by themselves with the fundamental principle of efficient implementation of the team method—with the principle of comprehensiveness. Where this fundamental issue is not understood properly, the whole activity is reduced to improving team forms of remuneration.

If certain progressive factors of labor organization, such as interchange of workers, substitution or rotation of workers and team remuneration are implemented by the work team, it still cannot be said that the team method in organization of labor and remuneration has already been achieved. Those factors may lead to better results in work, yet the achievement could be

even more distinctive if the team were to operate according to khozrashchat principles, if it were organized according to scientific principles, if other sectors of the enterprise were to provide appropriate services to the given team, if the members of the team were to participate more intensively in the management of the production, and so forth. Alas, not every manager is trying to implement the principle of comprehensiveness when introducing the team method in organization of labor and remuneration, and to assume his share of responsibility. In addition, conservative thinking has been in evidence. All that undercuts the very foundations of the team method in organization of labor and remuneration. This must be vigorously opposed right from the beginning of the tests and introduction of the team method in organization of labor and remuneration.

9004

CSO: 2400/118



## HABITUAL APPROACH TO ECONOMIC PROBLEMS SOLUTION CRITICIZED

Bratislava PRAVDA in Slovak 15 Jan 83 p 1

[Editorial: "Routine and Habit a Suit of Armor"]

[Text] Times change, but habits remain. This leads to the paradoxes of our time: man thinks and acts as before, although the present requires a new approach.

Comrade Gustav Husak called attention to this phenomenon, in his closing speech at the seventh session of the CPCZ Central Committee, when he spoke of the wide range of routines, inertia and ingrained habits from years past.

Ingrained habits, inertia and routine are a suit of armor that obstructs movement and versatility and prevents one from walking faster. It is a burden that presses one to the ground, at a time when a person needs more strength to soar.

A routine approach to current problems is similar to the conditioned reflex of the creature that does not think and merely reacts to external stimuli. Such a creature reacts to the conditions of its environment with a response that it has learned. But man should have an active relationship with the changed conditions, which means that he should consciously modify his approach to them. However, this should not be an unprincipled adjustment to the environment, because the social conditions, relations, and everyday circumstances are of one's own making, and a person can change them for the better, humanize them so to speak.

But this type of intellectual flexibility is still the characteristic of only outstanding individuals. The mass phenomenon is the exact opposite: action in the spirit of ingrained habits. According to the recipes of yesterday, and often even of the day before.

Consider the sphere of the economy. The conditions and factors under which the extensive path of development was justified--abundance of resources, stable quantitative growth, simple causal relationships--belong in the past, never to return. However, the peculiar "philosophy" of those conditions still persists, their ideological "fossils" are fixed in the mentality of people, and stereotyp action according to the norms of the past is not a thing of the past.

The most deeply ingrained of all, I believe, is the habit of laxity. It is typical not only of many top economic officials, but--let us admit it frankly--also of entire collectives. Its identifying mark is the well known turning a blind eye to slipshod work, the granting of "reasons" to those who do not fulfill the

plans and tasks, refusal to see and hear the shortcomings and abuses. Instead of striving to maintain order and discipline and insisting on faultless work in everything. Perhaps the frequency of the use at present of the word "demanding" is the best indication of how widespread laxity is. This frequency is due not only to those who are asserting the proper and timely requirement of meeting the criteria employed in the most advanced countries in the world, but also to those for whom today even the attainment of the average, the simple fulfillment of ordinary and normal duties and expectations, is "demanding."

Indolence and passivity are likewise a certain reflex to the given conditions. They have become ingrained as a habit that all innovation stimuli arrive "from above." As if the managing organs were some sort of "pole of initiative," while the lower, implementing units were a "pole of realization." Well, this is an immensely convenient notion for those whom it evidently hurts to think. For in practice this leads to where one only issues orders, and the other generates reasons why the orders cannot be carried out. The persisting notion that everything requires an "instruction from above" hamstring healthy socialist entrepreneurship that we are so urgently demanding.

Also ingrained is the habit to make the fulfillment of the tasks conditional. In the past, the following linear relationship applied: when a higher organ set higher tasks, it raised commensurately also the inputs, particularly the inputs of materials, energy and labor. It simply had to "create the conditions" for the fulfillment of the tasks. Thus the habit became ingrained of holding out one's hand and demanding this or that for the plant, enterprise, okres or kraj. And on the part of influential patrons there was a tendency to "soften their hearts" when granting various exemptions from the regulations of the demands of duty.

Many similar habits from the "golden age" have become implanted in the awareness of the people and are being maintained there. They evolved as reflexes to certain recurring interrelations. For example, to the fact that although the grain production plan was not fulfilled for several years in succession, until last year no one felt the consequences of such a serious shortfall. The government always found some solution. And also at industrial plants, no one lost even a hair of his head when the plans were not fulfilled, management was not what it should have been, and losses were reported instead of profits. Such phenomena act as causes, but their effects--dire consequences for those who induce them--do not occur with the consistency of dialectic law, because somebody always throws the drowning person a lifebelt. The habit that stems from this also has its logic: it is also possible to "loaf," to live at the expense of the better ones, to cultivate collective parasitism. And what is even worse: this leads to the conclusion that the order of the day--to work well, produce efficiently and manage prudently--is not the "to be or not to be" question that propaganda would like one to believe. People with this approach are not disturbed by failures, do not feel responsible for their own shortcomings, and are not fighting for the interests of society as a whole. They have become accustomed to regarding such problems as the concern of others and merely want to be left alone.

The struggle to overcome such persisting habits, which no longer belong in the present, will not be an easy one. Over the years they have penetrated the cellular structure of the organism of our everyday life. Many people erroneously regard them as principles, and therefore they do not even admit to the possibility and inevitability of assuming a different, modern approach.

But there is no other choice. A struggle must be waged against all forms of modern fetishes, in defense of seemingly "heretical" new ideas. And this struggle must be waged with meaningful measures, with the changing conditions amidst which people act, and with effective agitation that influences their thinking. We must bear in mind that so long as there remain in our everyday economic and other social practice elements of outdated extensive mentality, including ingrained habits and routine approaches, the switch to intensive paths of the economy's development will not be complete and definite.

The substantive basis of this struggle is the Set of Measures for Improving the Planned Management System of the National Economy. Consistent realization of such elements of improving planning as the target-program approach in the entire process of planning, the balance method and the coordinating forms of management, or emphasis on indicators that show the contribution to national income, will unquestionably narrow the room for routine approaches and outdated habits from the past.

Evaluation of production organizations on the basis of recomputed indicators of effectiveness—for example, the prices per kilogram, the profitability, the specific consumption of materials or the utilization of fixed assets, with due consideration for the level in other, technically and economically developed, countries—will shed light on the question of whether the set tasks are more demanding or less demanding.

Especially important is the development of khozraschet which, if employed without formalism, can uncompromisingly reveal the inefficient managers who collectively sponge on the results of others. The Set of Measures increases the obligatory nature of economic contracts and responsibility for their fulfillment, which aids the struggle against slovenliness of every kind. For slipshod work is tolerated only where the customer is at the supplier's mercy.

More effective substantive, organizational and personnel measures should be the "consequences" of the consistently unsatisfactory results at the lagging and unprofitable industrial plants, agricultural cooperatives and state farms. The state must not be allowed to become a single enterprise, within which the less efficient can hide behind the backs of the better ones. In extreme cases, the unprofitable operations and plants are closed down more quickly in some other socialist countries than in our country. We should bear in mind that it is not humane, social and socialist to operate unprofitable enterprises, and to produce goods at all cost. Instead, we must avoid burdening the state with unnecessary and ill-considered expenditures, so that more may be left for truly humane and social objectives.

Propaganda, particularly economic propaganda, must do its share in the struggle against routine, inertia and out-dated habits. Economic relations have become more complex, and their conditions more diverse. Simple schemes have lost their validity. For example, that higher profit necessarily means an increase of output. Public opinion surveys indicate that many workers still lack a clear understanding of the basic concepts such as effectiveness, for example. Hence they are not fully aware of their possibilities and duty to perform their tasks more economically than in the past. Much propaganda and agitation effort is still needed in this area.

# ENTERPRISE PLANNING NEEDS IMPROVEMENT

Budapest FIGYELO in Hungarian 30 Dec 82 p 5

[Article by Kamilla Lanyi: "Enterprise Planning: Information, for Whom?]

[Text] What is enterprise planning like today, and what should it be like in the future? Experts are concerned with this question nowadays. They are looking at the role of enterprise planning, starting from the fact of the 1968 economic reform, or from the perspective continuation of the reform. I too, would like to make some observations in this connection.

If we want a new kind of enterprise planning, better than today's, then we must formulate a few essentials of the system of conditions that reformed enterprise planning must meet. First of all, we must answer the question: What will be the status of enterprises in the economy? To what extent is it desirable that the enterprises themselves decide their own internal structure, internal system of management, accounting, planning, and methods of control?

## Supervision

These things were originally unified as direct consequences of the system of plan directives and defined by thousands of regulations. That they continue so is partly due to the fact that even after the economic reform, the fundamental methods and procedures of central planning have changed only slightly. Thus one condition for a reform of enterprise planning would be a different kind of central planning.

The next question we must ask ourselves, then, goes like this: If the system of planning is reformed, how will the national economic plans be constructed?

It must be made clear which are the processes that must be planned centrally and which are not; which goals can be formulated in the national economic plan and which cannot. For from this is determined approximately the sector of enterprises whose strategic goals and individual decisions appear or may appear directly in the national economic plan or will influence its fulfillment.



Independent of this, one must reckon with the fact that there will always be a partly stable, partly fluctuating sector of enterprises that have a special relationship with the state. These include public utility enterprises, enterprises that produce goods exclusively or almost exclusively for state orders, some of the enterprises that are connected with fulfilling socialist quotas, enterprises that are especially important at particular times from the point of view of employment or social policy, a few large enterprises which the government regards similarly at particular times as the basis and organizer of industrial development and structural change. In other words: those enterprises that in any country with a relatively large public sector would be or could be state enterprises. For them it is not possible to exclude certain forms of plan bargaining and bargaining for preferences.

Another question is: With which institutions (central planners or others) and by which procedures should plan bargaining or bargaining for preferences be conducted?

In connection with the system of planning a position must also be taken on the question of how large the enterprise sector should be (or should not be). Perhaps enough experience has already been obtained in Hungary and elsewhere [to show] that especially in the sphere of competition it is advisable to restrict rather than expand the number of enterprises that are supervised directly by central planners.

It is hardly possible to conceive of a structural policy and industrial-development policy that decade after decade would be based on the same enterprises, and so would have to meet willy-nilly and wishes of those same enterprises. All this leads already to the next question: If the system of planning is reformed, in which way (with what combination of means) does the government wish to implement its economic policy, and what should be the role of the national economic plan in all this?

#### Two Kinds of Approaches

Is the national economic plan to be regarded as the best possible expression of economic policy (national economic interest), or can economic common interests and goals be achieved through other channels, that is, through a different assignment of roles among central planning organs and the enterprise sphere?

If we decide that it is right to stick to the central plan in all ways, then the economic regulators must serve to achieve the numerically expressed plan goals and nothing else.

If this kind of system were to work perfectly, then only that would take place which is present in the system of plan directives: further, the control, feedback, and correcting role of the market would be missing, along with the ability for its participants to adapt relatively quickly in favorable ways. One of the main contradictions of the 1968 economic



reform is that while the enterprises expected to see from the market the advantages of greater independence and creation of markets, it was expected at the same time that the regulators would get the enterprises to do all that was called for earlier in the plan.

If the second alternative is realized, then the center would influence the economic environment mainly through economic regulators, in which case other kinds of processes might get started that the plan had counted on. In this situation the information exchanged between the central planning organ and the enterprise sphere or its individual members can be regarded as one kind of control for economic political goals, from which, however, it is not necessary to conclude that neither the central nor the enterprise goals will be achieved if they differ from one another.

The two kinds of approaches obviously would assign different roles to enterprise planning, and this implies various kinds of planning methods.

#### Trend Analyses!

The information needed for enterprise planning derives partly from the enterprise sphere and partly from outside sources.

The amount of information from the enterprise sphere and its importance to the enterprise depends on to what extent the enterprise is present in its own market, or to what extent it has freedom to select its suppliers, its sales methods, and its directions, what kinds of integration or cooperation it participates in, what one-sided relationships it perhaps has with other enterprises, and further, to what extent it and other enterprises can cover the cost of obtaining and distributing information.

I do not include among the sources of information external to the enterprises those that the central planning organs give to the enterprises, as these depend on connections between central and enterprise planning, or between the plan and the market, that today are not yet clear. Therefore I will treat only three kinds of information from external sources.

The first type includes information about the general economic (macro-economic) situation and, further, information about short and medium range economic policy and development, including regional and local development as well.

Hungarian enterprises need--each individual enterprise needs--to be oriented at least annually on the state of the economy, the main economic processes, how the government evaluates them, and what measures it is preparing to take (credit and tax policy, wage and price policy, etc.). This is not much more than what is usually given to Parliament in the budget presentation, but we have no institutionalized form for getting these facts to everyone at the same time and in a uniform way.

International agreements that assume domestic development do not get sufficient publicity--even within the sector of enterprises concerned, and ordinarily the far-reaching decisions on developments in the agreements only get to those directly affected (whether on the national, regional, or local level). The fact that a development program does not have a multiplying effect on potential suppliers and consumers, on the commercial, service, and other enterprise sectors is due not only to the slowness of enterprise reactions but also to excessively "selective" distribution of information. This applies not only to national but also to regional and local developmental programs.

The second type includes information about the status of domestic trends and the investment cycle, and information about short-range trend indicators. There are few of these, and those that are prepared to not reach the enterprises.

Timely and accessible indicators about household consumption and savings (on the basis of polls) is not provided to the enterprises.

Foreign experience shows that this type of information only influences enterprise decision making and market behavior in a tangible way after a long time and much practice, but then it does so in a way that they are able to judge more precisely than before their situations and whether their plans and expectations are realistic.

The third type includes external market information. There has already been much written in FIGYELO articles about this. Now a decade and a half after the 1968 reform it is quite natural that information about external markets is abundantly available. This does not mean that there may not be some kinds of information that no one is gathering. But the propagation of existing information is insufficient; the enterprises do not use it enough. It often seems that external market information (including information necessary for business decisions) is available most freely to the central economic directive organs.

Enterprise planning does not have standard procedures like central planning has. In obtaining or increasing enterprise resources (for an enterprise engaged in foreign commerce), goals relating to profitability are supported by many kinds of plans for market programs, purchasing concepts, management of the labor force, training, and wage increases, all based on assumptions that are necessarily uncertain. The total of all of these cannot provide the data that the central planning organs need.

#### Without Duality

As a result, the enterprises must maintain a technical planning apparatus whose main task is to set forth numbers for central planning, while working out enterprise strategy (not always with good technical support) is the duty of enterprise management.

For example, in the preparation of the Sixth Five-Year Plan foreign commercial prices for non-socialist countries had to be prognosticated on the basis that for each product mentioned there had to be established a world-market price, a Hungarian foreign-trade price, and Hungarian trade (export or import) independent of price in quantity and value, the product of the given quantity and the price.

These series of numbers cannot be obtained from market programs taken seriously; neither market programs nor profit plans can be based on them. What the central planner wants is not a price prognostication but a dollar-equivalent number which can be multiplied by the natural quantity to form a data-base needed by the standard procedures of central planning. The experience of the enterprises shows that in the process of unifying plans these data, which should be regarded only as technical numbers, are given greater and greater significance, to the detriment of the original enterprise strategy, because, among other reasons, they can be compared with the numerical data of the central plan and can be added together with numbers provided by other enterprises, which cannot be said of the plan expressing the enterprise's activity and the numerical data it contains.

This duality, which is pointlessly harmful from the point of view of planning and general economics, can only be eliminated if the central planners spare the enterprises from planning by filling out forms and if price prognostications can be obtained by central planners and enterprises from different sources, as independent from one another as possible.

9611

CSO: 2500/98

## AGRICULTURE FACING UNPRECEDENTED MARKET CHALLENGES

Budapest NEPSZABADSAG in Hungarian 19 Feb 83 p 1

[Excerpts] Last year the agriculture and food industry succeeded in increasing dollar-accounting exports by 9 percent in the amount of 80 billion forints. This year's plan calls for still greater efforts to achieve a 7 percent increase in exports. The essence of the 1983 plan for agriculture calls for help in improving the nation's balance of payments and in realization of the standard of living policy targets: namely, maintenance of a sure supply of foodstuffs. These goals are of equal weight. Neither has priority over the other. Insofar as the standard of living is concerned, the goal is to have over 77 kilograms of meat, 180 kilograms of milk and dairy products, 18.2 kilograms of eggs, 77.2 kilograms of vegetable and 79.8 kilograms of fruit available to the consumer on a per capita basis in 1983.

The protracted world-wide economic crisis makes goals more difficult to attain. Competition has increased and effective demand has fallen. Because of the decline in prices, the food industry was able to achieve 1982 goals only by increasing production for export. Even the formerly lucrative export of lambs and sheep has run into sales problems. Although there continues to be a market for farm products abroad, the prices realized are lower. Keeping such products competitive, requires increased flexibility on the part of producers. Yet natural conditions make it difficult to change production structure rapidly. Because of this, circumspect establishment of incentives is especially important. Of course, production can be controlled not only through offering higher prices; sometimes it is necessary to reduce supply by lowering bulk purchase prices.

In addition, the processing industry must make it possible to present agricultural products in a form which appeals to the foreign market. This frequently depends on more costly industrial equipment. The agricultural sector can remain competitive only if the background industry on which it depends responds quickly to more demanding market conditions.

Reciprocal good will, the ability to make adjustments between growers, processors and industry have become of paramount importance. Only in this way can the interests of the country be well served.

CSO: 2500/144

MINISTERS COMMENT ON 1982, 1983 SOCIOECONOMIC PLANS

Trade, Industry, Administration, Culture

Warsaw RZECZPOSPOLITA in Polish 4 Jan 83 pp 1, 2

[Polish Press Agency article: "The Ministry Directors Speak: The Achievements of 1982--The Aims of 1983"]

[Text] Polish Press Agency [PAP] correspondents have asked the ministers and directors of the ministries for a brief summation of 1982 and a presentation of the most important aims for 1983. Here are their statements:

Tadeusz Nestorowicz, minister of foreign trade:

In first place among the favorable phenomena of 1982 I place the achievement that export increased more rapidly than production, and that is the result of a certain economic boom, realized at last.

There ensued an essential change in the geographic structure of foreign trade--the share of socialist countries and developing countries in our turnovers increased. The fact that industrial enterprises are being granted export licenses and the right to form companies, in accordance with the new law, is an expression of the desirable process of tighter integration of the interests of exporters and producers. Many motivational solutions were implemented, for example, foreign-exchange deductions earmarked for the import of supplies, which bore positive results as early as the end of last year.

In 1983 we shall be devoting special attention to the promotional side of export. It is chiefly a matter of rebuilding the confidence of foreign customers in our exporters. We must also place great emphasis on the effectiveness, and thus on the reduction of prime costs, on improving the quality of goods offered by us, and on maximizing foreign-exchange prices. We shall continue the geographic reorientation of our turnovers with a view toward further increasing the share of socialist and developing countries in these turnovers.

In a word, the main task is the further growth of profitable export, which is, after all, the basic condition for improving the supply of industry



with raw materials from import, and the supply of the domestic market with consumer goods.

Gen. Div. Czeslaw Piotrowski, minister of mining and power:

Our greatest success in the Ministry of Mining and Power in 1982 was that we succeeded in saving it from dissolution. These subsectors were among the first to shake themselves free of the crisis and to begin to rebuild their production, which was decreased so drastically in 1981.

Hard coal output in 1982 totaled more than 189 million tons and was more than 26 million tons greater than the year before. It is also a great achievement of the Ministry of Mining that we returned to many traditional coal markets which there was such a brutal attempt to oust us from in 1981. On the whole, we sold more than 29 million tons of coal abroad, or nearly twice as much as the year before. We sold 16 million tons to the dollar zone, or more than the total of our entire export in 1981.

Brown coal miners also achieved much. They supplied the Ministry of Power with more than 37 million tons of this fuel and assured that demands for brown coal would be fully met.

I would include among the successes of the Ministry of Power its regular work pace and its complete fulfillment of the needs of the national economy. Since 28 January 1982 deliveries of electric power were practically unlimited. We supplied 116.5 billion kw of electric power.

In 1982, despite many difficulties, we delivered power unit I in Belchatowa, a hydroelectric power plant in Zarnowiec, two power units to a power plant in Polaniec, and also the first extractive wells to the hard coal mines in Bogdaniec in the new Lublin Coal Basin and to the brown coal mines in Lubstowa in the Konin Basin. We began construction of a nuclear power plant --also in Zarnowiec. In practical terms, therefore, we implemented all of our more important investment aims. And that is the down payment on further activities in this direction in 1983 and in subsequent years.

The most important aims in 1983 are primarily to maintain growth tendencies evident so far in mining and power and to implement investments so that next year's results will not be worse.

Edward Grzywa, minister of chemical industry and light industry:

The year 1982 ended in our ministry with a foretoken of well known raw materials difficulties and also, at the very end of the year, with a foretoken of difficulties connected with a significant fluctuation of cadres chiefly in light industry. In this situation, we concentrated primarily on operative programs, the implementation of which went well, although it was carried out at the expense of a decrease in the production of products not included in these programs.

We are aware that products manufactured in our ministry have fundamental importance for the market and for the remaining subsectors of industry, which

are based on chemical raw materials. The initial position taken up to 1983 seems more favorable. Light industry has guaranteed basic raw materials. Furthermore, we are hoping for very favorable contracts with the Soviet Union for so-called service processing. Half of the products manufactured from raw materials furnished additionally by the Soviet Union make their way to the Polish market. The checked tendency towards a decline in employment and the system of incentives that has been created favorably stimulate both work efficiency and better use of work time. In 1983 we hope to resolve to a significant extent the problem of adult footwear and also basic kinds of underwear.

Also, the supply of the chemical industry betokens better prospects for production. Government orders will be filed for part of its products, in connection with the procurement of indispensable assets for their production. We are cherishing a hope, for example, for significant improvement of the supply of the market and work establishments with pure assets, [srodki czystosci], tires for trucks and agricultural machinery.

Gen. Div. Tadeusz Hupalowski, minister of administration, local economy and environmental protection:

The ministry which I direct is occupied with so many difficult and complicated problems that my brief statement has to be a general one, unfortunately. In 1982 the activities of the ministry included both long-range tasks--for example, streamlining the functioning of the local state administration, elaborating program assumptions for residential construction, preparing a national environmental protection program, or amending a premises license--as well as tasks of a current nature.

Of these latter tasks, I shall mention, for example, preparing the municipal and the residential economy for winter, and obtaining sensible improvement of urban traffic. There were more of these tasks, of course. In my opinion, their accomplishment despite well known, very difficult economic realities has already yielded visible positive results. Great credit in this goes to the selfsacrificing employees of the local state administration and to the work forces of the enterprises. For example, thanks to the enterprising nature, ingenuity, and thriftiness of transportation employees, the technical efficiency coefficient of buses at the end of 1982 totaled 80 percent, and that of streetcars, 79.8 percent, as compared to 58 and 66 percent, respectively, in mid-1981. It is only thanks to this that the number of vehicles in operation increased by 800, without any additional purchased.

There are also many shortcomings, errors, and much unsatisfactory activity. We are stamping out evil wherever it exists, but we eschew wrongful generalizations. Let us be truly just in our evaluations.

In 1983 the Ministry of Administration and Local Economy has to fulfill its service role to citizens better and must pay more attention to improving the residential-minicipal living conditions of the population.

Janusz Kaminski, minister of transportation:

I would rank three achievements of the Ministry of Transportation in 1982 among the most important: satisfaction, on a mean level, of passenger traffic needs; transport of 20 million more tons of coal than in 1981; and electrification of 320 km of railroal lines, that is, 100 km more than the year before.

In 1983 we are placing the major emphasis on satisfying the needs of rapidly expanding passenger traffic. In the third quarter of 1982 the railroads transported 5 million passengers more in any one month than they had previously, and this tendency will be maintained.

The next unusually important task is to assure the transport of liquid and solid fuels and of goods connected with food production.

Jerzy Korzonek, minister-director of the office of maritime economy:

The most significant occurrence of the past year was--in the field which I direct--the adoption by the Tenth Plenum of the PZPR Central Committee of a resolution on the basic assumptions of the state's maritime policy and on tasks in this area. The government also prepared appropriate documents on this question that is vital for the state, its economy, and the community. They cover the basic directions of state activity on many planes resulting from Poland's maritime situation. What is at issue here is both the economic sphere as well as shaping our society's maritime consciousness.

Despite the crisis on the world freight market, our merchant marine succeeded in achieving favorable transport and financial results.

In 1982 shipping companies were formed. This is an original and good organizational formula in maritime shipping.

In 1983, the merchant marine and fishing fleet as well as the maritime economy as a whole must achieve better economic results.

Kazimierz Zygulski, minister of culture and art:

Evaluating the year 1982 in the field of culture, I think that this period has to be viewed as a time of emergence from a deep crisis and of formation of the bases of a new, reorganized system.

I would like to emphasize three issues in this regard. First, part of cultural life, beginning with the printing and recording industries, is and will be covered by the principles of economic reform. We shall begin to think about culture an economic categories, and at the same time we are preparing corrective mechanisms wherever economic thinking would degenerate into pursuit of gain, and commercialization.

The second issue concerns the new system of financing a significant portion of cultural actions, and, thus, the establishment of the Fund for the

Development of Culture. The starting point for this system will be to demand great efforts, but I think that this means of solving the problems of culture and its financing will be an indispensable element for its future. I would like to emphasize at once, however, that the fund cannot be the sole source from which culture and cultural activity will draw. At present we clearly are feeling the lack of legal regulations which would incline socialist enterprises to spend a certain amount of their profits on matters of culture. In my opinion, this important problem will be solved in 1983.

And the third issue of the establishment by force of law of the Sejm's National Council on Culture, an organ endowed by the legislators with very broad powers concerning both financial matters as well as organizational and substantive issues of cultural life. One of the tasks of the council, which will begin to function in January 1983, will be to prepare a special report every year which will be the basis for decisions concerning cultural policy.

Generally speaking, 1982 was a year marked by the formation of legal, social, and financial mechanisms for renewing and rebuilding our cultural life and for giving it new forms, forms taking the social factor into account in large measure and connected with the polycentric concept of culture and with the acknowledgement of the full value not only of professional culture and the creative environments associated with it, but also of popular, nonprofessional culture, especially workers' creativity.

When it comes to the particular matters which we succeeded in solving and, at any rate, of giving specific shape to in 1982, I would call attention to the complex of broadly-perceived issues of language, literature, and reading. On the initiative of premier Wojciech Jaruzelski, we assumed the obligation of breaking the impasse in the field of book production and of increasing it by 25 percent. This was a great effort, and the task was implemented. We also established a special complex and worked out an interministerial program whose task is long-range action aimed at promoting the development of beautiful, correct Polish and countering its corruption. And, finally, the matter of libraries: we are making attempts to improve their situation and to increase the possibilities for their activities and their significance. Valuable books become expensive instantly, and many people can read them only thanks to the libraries.

#### Education, Reform, Services

Warsaw TRYBUNA LUDU in Polish 7 Jan 83 pp 1, 6

[Polish Press Agency article: "The Ministers on 1982 and Plans for the Current Year; Successive Statement for PAP"]

[Text] (Polish Press) We are publishing the successive statements of the ministers and directors of the ministries, whom PAP correspondents asked for a summation of 1982 and for a presentation of the main aims for 1983.



Minister of education and upbringing, Boleslaw Faron:

In evaluating the year 1982 in the field of education and upbringing, we have to recognize a particularly essential phenomenon: despite a difficult social situation, the political opposition's numerous attempts to engage youth in protest actions, and also attempts to disturb the course of work of educational and upbringing posts--the school system accomplished its organic tasks at a regular pace. Normal work took place in the schools and other posts.

An attempt was made to solve the problems of the teaching profession; the Sejm of the PRL [Polish People's Republic] adopted the Teacher's Card law; emoluments were increased conspicuously, assuring appropriate preference for teachers employed in the rural schools; the practice of overloading teachers with didactic work became less frequent.

In 1983, conditions will be created for the full implementation of the school upbringing program contained in the document "Main Directions and Tasks of Upbringing Work with Children and School-Age Youth": preschool upbringing will be generalized, with special consideration of the rural environment; vocational education will be improved; tasks also will concern the programmatic and organizational improvement of the 8-class primary school and the assumption of work on a model for the secondary schools.

Minister of youth affairs, Andrzej Ornat:

In matters concerning the young generation of Poles, last year stood out for several crucial events. They are: adoption of a governmental program for improving the conditions for the beginning of life and the vocational start given to youth, ushered in by the preparations of the Ninth Plenum of the PZPR Central Committee, at which a resolution was adopted specifying the strategy for the gradual resolution of issues concerning youth, and also the formation of the Committee of the Council of Ministers for Youth and the office of the minister for youth.

Of last year's activities of the Committee of the Council of Ministers for Youth, I should point out: the precise statement of conclusions on the issue of preferences for youth residential cooperative societies and single family construction in the country and the city; the preparation of plans for the comprehensive modification of principles for granting credits for young married couples; and the adoption of a system of inducements for youth to take on work in farming, and also the adoption of a comprehensive program for native colonization.

In 1983, we envisage, among other things, work on creating conditions for increasing the access of children and youth to things having cultural value; on improving the mechanisms for solving housing problems; and on elaborating a system of principles of cooperation of administrative organs with youth organizations. Much attention will be devoted to matters of the young family and to the improvement of the processes of upbringing and education.



Minister of forestry and timber industry, Waldemar Kozlowski:

Progress made in forestry in 1982 is revealed by the decrease in the degree of the threat posed to the forests, by the greater than 1.2 million hectare limitation placed on the surface of tree covers overcome by insect vermin, and by the removal of nearly 13 million cubic meters of timber from destroyed and damaged tree stands. Industry, mining, and other customers were well supplied with wood raw materials.

In the timber and paper industry we succeeded in restoring or even exceeding the level of production of basic products achieved in the fourth quarter of 1980.

We are beginning the year 1983 with difficulties that are still great, which arose mainly from the dependence on import from the capitalist countries.

In forestry the task of first priority for 1983 will continue to be the intensive regulation of the state of sanitation of the forests. To minimize further threats to tree stands, it is indispensable that we quickly remove approximately 12 million cubic meters of timber from the forests. Achievement of assumed production growth, among other things of furniture by 15 percent and paper by 6.9 percent, as well as of other wood materials for various fields of the national economy, will depend on the deliveries of this timber for industry.

Substitute plenipotentiary of the government for economic reform, under-secretary of state in the office of the council of ministers [URM], Zdzislaw Sadowske:

In 1982, despite enormous material and nonmaterial obstacles, we succeeded in initiating the process of thorough reform of the economy. I consider this a great and undeniable achievement.

In 1983 new mechanisms should have a more effective impact on increasing the rationality of economic activities. Among the most important aims for this year, I should mention the carrying out of a resolution of a law on the stabilization and the bankruptcy of enterprises. We are talking here about an important element of the system, without which the system is not complete.

President of the office for veterans, Gen. Div. Mieczyslaw Grudzien:

The main direction of our activity is represented at present by efforts connected with assuring conditions for implementing the veteran's law of 26 May 1972 and an amended law on the rights of disabled war and military veterans and their families, which became effective on 1 January 1983.

Keeping in mind the various forms of care for veterans, we intend to involve ourselves more effectively in 1983 with veterans' homes, among other things; there is a huge complex of problems connected with health care for veterans; we also plan to increase care for elderly veterans.

Suspension of martial law creates conditions and possibilities for resuming activities in the area of our collaboration with foreign countries and, thus, collaboration with state veterans' institutions of countries in the former anti-Hitler coalition.

The problem which is absorbing the attention of the Office for Veterans is the unsettled issue of civilian compensation for war victims who suffered as a result of extermination and terror at the hands of the occupier. It seems to us that efforts in this area must be continued.

Chairman of the main committee for tourism, Jan Cisowski:

In the past year there became evident a further drop in the participation of the community in the organized tourist and vacation movement, caused mainly by the increase in costs. In the summer season, for example, about 3 million people vacationed here; tourism abroad also decreased considerably.

We estimate the revenues from foreign tourism in 1982 at about 40 million dollars. We arranged our investments so as to concentrate our efforts on completing construction that had been started. We opened 2914 night lodging rooms in new installations and 7758 eating places, and we purchased 380 motor coaches. A reorganization of tourist enterprises and the system of tourist information followed.

The most important aims in 1983 are to check any further drop in the participation of the community in tourism and relaxation, to improve the quality of services, to protect consumer rights, and to enliven foreign tourism, chiefly to increase tourist arrivals.

Chairman of the Polish committee on standardization, measures and quality, Franciszek Szlachcic:

The most important accomplishments of 1982 in the field which I direct are the maintenance of the gathering of standards and the gradual adaptation of standardization to economic reform as well as to domestic and international conditions. Observing uniformity and appropriate precision of measures and measurements also was an achievement.

In 1983 the most important tasks for us will be the adaptation of methods of reacting to the quality of products (standards and certification) to the requirements of reform and the needs of society. It will be necessary to strengthen control of the quality of products in the "standard" category and to increase consumer and customer protection.

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CSO: 2600/250

DEVELOPMENT, PROBLEMS OF MARITIME ECONOMY OUTLINED

Warsaw SLOWO Powszechne in Polish 21 Dec 83 pp 3, 4

[Interview with Dr Jerzy Korzonek, minister-director of the Office of Maritime Economy, by Wieslaw Pysiak; date and place not specified]

[Text] [Question] Sir, in spite of the crisis in our economic situation and the restrictions imposed by some western countries, the maritime economy continues to hold its head above water.

[Answer] According to my most recent information, I can say that realization of tasks in the past year among enterprises was as follows: reloading at the seaports will be up to 35.5 million tons or 100 percent of the CPSG plan for 1982; sea transport of 31.4 million tons or 101 percent of the planned tasks; deep-sea fishing and other fishing, 538,000 tons or 86.8 percent of the CPSG plan; fish and fish products on the domestic market will be approximately 180,000 tons or 105.9 percent of the plan and export of rebuilt ships to the first payments area (socialist countries) will be 5.8 million zlotys or 145 percent of the original CPSG plan.

[Question] You have started from a good position to realize the resolutions of the Tenth PZPR Plenum with respect to state maritime policy. May I ask about the basic tenets and directions of that policy?

[Answer] Of course, but this will address only some of the most important issues. It should be noted that our country's maritime policy should serve the following goals: (1) guarantee Poland's international interests in exploiting the seas and oceans; (2) enlarge the share of the maritime economy within the international division of labor, and especially increase cooperation with the maritime economies of the other CEMA countries; (3) rationally exploit the maritime economy's existing production and scientific-research potential; (4) preserve the ecology of the maritime macroregion, and especially its sociotechnical infrastructure; (5) raise the professional and social activation of people working in the maritime economy; (6) encourage the active participation and coresponsibility of the younger generation in shaping the future of the maritime economy; (7) preserve the ecology of the Baltic waters and coast and (8) guarantee society the conditions of rest and recreation on the Baltic Sea. The basic question remains, however, how we implement these tasks, which were stated in the 1982 state program and are specially visible in the 1983 program.

[Question] The need to formulate a document containing the directions the state should take in maritime matters has been discussed for years, at least in sessions of the parliamentary Commission on the Maritime Economy and Navigation.

[Answer] Simply stated, there have been increasingly more and more people, especially during the second half of the 1970's, who have been interested in the defined role and disproportions of Poland's maritime economy. This phenomenon was not immediately evident to all of society, but since 1945 when Poland gained a wide access to the sea, the maritime economy has noted a continuous increase in numbers. Navigation has developed, ship-building has strengthened and port turnover and fishing have increased. As a result, we have risen even higher among European and world maritime states. One example--the ship-building industry has become one of Poland's most important industries; we occupy fourth place in Europe and eighth in the world. Large ship production achieves over 3 percent of world production, while that of fishing boats stands at 23 percent.

Today, the maritime economy's share of national income is 2.5 percent, and in Polish exports, 9.3 percent.

But along side this positive side of the coin has appeared a second, negative problem. Examples can multiply; I shall limit them to a few: today we have a bit too-small potential for renovation shipyards, even for our own needs; the fleet--especially the liner fleet--is getting older; transit turnovers are not growing and we have problems of access to deep-sea fishing areas. One can say that these have occurred because the maritime economy has been treated for a long time as an isolated element of the national economy, and its branches as secondary to other sections of the national economy.

[Question] From what I have heard, it appears that now the main problem in the maritime economy will be the elimination of remaining disproportions.

[Answer] Yes, we would like to eliminate them through an increase in the efficiency of the entire maritime economy, as a connector of individual elements of the national economy and a fundamental stimulator of many of its important areas. For example, no one other than the shipping and port enterprises can guarantee cheap transport of cargoes by sea. The production and renovation shipyards contribute to an increase in the export of many goods produced in Poland, and the Baltic and deep-sea fishermen enrich the domestic consumer market with valuable fish products. At the same time, we are of the opinion that this entire section of the national economy, thanks to the workforce's held technical and qualified potential in many specialties, is capable of even more active involvement than up to now in enlarging the national payments area, increasing goods transport among foreign ports and intensifying transit and renovation services.

[Question] We do not earn a great deal of foreign currency on transit, and we do not take advantage of Poland's location as a transit stop. Why?

[Answer] But not more than once has it happened that when one wants to earn something, he first has to know how to spend, invest and take risks. This type of situation exists in the case of cargo transit through Polish ports from south to north to south. The suitable geographic location of Poland in relating to other countries is not sufficient to activate transit turnovers. Our contracting parties expect us in Poland to create special--and better than anywhere else--conditions for servicing their cargoes. But what does it matter if cargo transfers in our ports are just as good as those in Hamburg, Bremen or Rostock when our railroad, truck transport or inland waterway shipping do not guarantee rapid and safe transport of goods?

During the last decade, port potential chiefly served the needs of Poland's foreign trade; investments for transit needs lacked both imagination and means. When--beginning in 1980--the turnovers from Poland's foreign trade began to decline and the railroad and ports began "to fall apart," then we realized that the transit infrastructure was lacking.

Transit requires a complex policy and cooperation among several ministries and enterprises. Within this chain, the first link contains the ports together with storage facilities and the fleet; the second link includes the national transport units with PKP at the head; the third link has the shipping firms. Prior to the introduction of economic reform, coordination of transit turnovers was perhaps somewhat easier, as we had to deal with a smaller number of partners (ministries). Now, the enterprises are independent and self-financing, and each one conducts its own policy. Until the time comes when each participant in the transport of foreign cargo through Poland becomes convinced that this is in our common interest, it will be difficult to count on a radical correction of this situation.

And despite it all, the seaports in 1981 transferred approximately 4.7 million tons of transit cargoes, which earned over \$100 million. I feel that we can process annually approximately 7-8 million tons of transit cargoes without greater investment outlays, but chiefly through better work organization and utilization of existing possibilities. Maybe we should take part in this international game and prove to ourselves that we can take advantage of one of our wealths, broad access to the Baltic.

[Question] How can you explain the fact that despite the decline in cargoes of Polish foreign trade, our fleet continues to deliver to the state treasury not insignificant amounts in zlotys and foreign currency?

[Answer] It is above all the effect of maintaining shipping connections with over 100 countries. When the primary function of the fleet--to serve our foreign trade--began to falter, the ships saved our economy in 1980-81 approximately \$550 million through increased services to our current contracting parties. Shippers carried and continue to carry considerably more foreign cargoes, especially between foreign ports, than before, earning in the past 2 years approximately \$1 billion. If during previous years the share of foreign cargoes carried by the Polish merchant fleet reached 15-17 percent, then last year it reached 37 percent. This same indicator for the Polish Ocean Lines reached 60 percent. Thanks to this, our largest shippers, despite everything, are not functioning too badly. And this is why we aim to maintain our shipping connections.



Let us not forget, however, about our own domestic needs. If we did not have our own fleet, our foreign trade would be forced to make large foreign currency expenditures in cash, never credit. And this is not discussed much. The transport of so many million tons of grain by our own fleet or a foreign fleet means a considerable difference to the state balance of payments. Today, in evaluating enterprises, we look almost exclusively at their profits. If there were no Polish fleet and if we had not maintained our shipping connections, then how would our foreign trade function?

[Question] But our merchant fleet is getting older...

[Answer] The problem is somewhat different. The tramp fleet during the past few years has developed okay, and it is necessary only to continue the process and call the ships into both the domestic and foreign shipyards. As the current crisis has shown, sea transport that is made newer and more modern can function even in such exceptional circumstances.

On the other hand, the ocean liners are in a worse situation. The ships used are not only considerably older but also technologically antiquated. Fortunately, through the current purchase of French- and Spanish-built ships, as well as the construction of new liners in the Polish shipyards, the Polish Ocean Lines has the opportunity to return to its past glory.

The economic effects achieved by the shippers even in time of crisis are the best proof that even in difficult conditions, the fleet will not lose. The results speak for themselves. The fleet must be modernized and even expanded in a sensible and consequential manner.

At the end of the 1970's, only 5 percent of our shipyard production was left for disposition by domestic shippers. Now, this share is 25-30 percent. I think that the program for development of the Polish fleet will be based upon domestic deliveries, treating purchases from foreign shipyards as supplementary. This will require, however, the adoption of certain systematic solutions that guarantee treating Polish shippers equally with foreign ones.

[Question] The maritime economy in the eyes of most people is tied to fishing...

[Answer] This is true, and the truth remains that in fishing--especially deep-sea fishing--the situation is very difficult. We built the fleet to operate in North Sea conditions, but today we operate in almost every sea and ocean of the world. Of course, we do not always deliver the fish to the country that satisfy the tastes of the clientele. But there are over 500,000 tons of fish, 13 percent of the nation's protein, delivered to the domestic food supply, especially in this difficult economic situation.

[Question] But we caught over 500,000 tons of fish.

[Answer] Agreed, but we have noted a considerable decline in intake. The fishing economy was not tied to any operating program, which also limited the possibility of satisfying our needs. That is no reason. The second: old agreements that allowed us to fish in other waters were lost; e.g., President Reagan's decision means we have lost the right to fish near the U.S. coast, where we were allowed to catch up to 200,000 tons of fish. The Falkland Islands war forced us into the open sea, where we have to use new fishing techniques. As a result, the fishing industry caught approximately 538,000 tons of fish, while our best year of 1978 saw us achieve over 800,000 tons.

I want to note, however, that as a result of understandings, we probably will have access to an estimated 1 million tons of fish during the next few years. However, if our deep-sea fishing fleet does not replace old ships with new ones, then from a technical point of view within 5-7 years, our fleet will be able to catch barely 300,000 tons of fish.

[Question] You have stated that the share of our shipyards in the world production of fishing ships is 23 percent. What then is the problem?

[Answer] Prices. Our shipyards produce too expensively for our shippers. They simply cannot afford to order nor to buy new units, and I have neither the possibility nor the intention of forcing them to do it. Let both sides negotiate prices, as the economic reform gives them the right to do.

At this juncture, it is worth stating a few words about our production shipyards. As is known, they cooperate with over 1000 plants, and not always with the best result. What is the matter? Above all, we need guarantees that parts made in Poland used in shipbuilding must be of a price that we can afford. Likewise, production deadlines and contracts must be met.

On the other hand, the shipyards should become the main supplier of ships for Polish shippers, based on the principle of self-financing. Particularly today, in a period of economic crisis, rather than export cheaply on credit, it would be better to build ships for ourselves. Also, the Polish renovation shipyards must renovate above all our own fleet. It is necessary to create such a system whereby the shipyards guarantee a specified technical readiness to conserve the Polish ships; otherwise, this rich potential of the maritime economy will submit to even quicker devastation.

[Question] There should be new maintenance principles.

[Answer] This matter is somewhat more complicated. Many new principles are not at all new to us. For example, the economic system existing in the fleet, which was worked out at the end of the 1960's, contained considerably further reaching systematic elements than are the currently-used general solutions. These elements proved themselves in the past decade, giving the enterprises far-reaching independence and creating the possibility of lasting through--as has been shown--even crisis conditions.

Now, some functional ministries, not feeling the specifics of the maritime economy, are today attempting to enclose it in the frame of economic reform for the entire national economy. I think that in this situation, it would be valuable to return to the proven systems-type solutions of the past. Certainly, many of them would not disagree with the spirit of economic reform, and they would guarantee independence in decisionmaking, especially with respect to transit.

The specifics of our activity in the world market require solutions other than those found in industry. Without taking these different solutions into consideration, it will be difficult to increase tonnage in our ports and to correct the shippers' economic effects, as well as to increase fish catches and fish deliveries to the market. Many of our branches operate on world prices, which cannot be manipulated easily.

[Question] We have spoken up to now about economic issues. But the state's maritime policy must also shape society's maritime perception by showing it to be an important element of contemporary and future national identity.

[Answer] Of course. We must ensure that the sea and issues tied to it function in the social consciousness not only as economic problems of the region along the shore, but at least as the problems of our ministry. Recently, this degree of consciousness was and is inversely proportional to the potential and the meaning of the maritime economy. A complex action to broaden the consciousness should be adopted in order to deepen knowledge of sea matters. Necessary is introduction on a broad scale of maritime education in the schools and colleges. Roles also can be played here by social organizations, tourist bureaus and public relations groups. I shall cite a relevant example. Before the war, there were over 100,000 people in Gdynia for a sea festival. Now, when North Port was put into use and cargo bases were built at Swinoujscie, two important and significant investments, the festivities were local and marginal. We must do everything to make the sea and the maritime economy a common matter for all Poles. The fact that we are a maritime country should be exploited to its fullest potential.

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CSO: 2600/175

## INVESTMENT PLANS, STRATEGIES OUTLINED

### Small Investment Outlays

Warsaw RZECZPOSPOLITA in Polish 4 Jan 83 pp 1, 2

[Article by (masz)]

[Text] (Own Information) (A). 1983 is another year of investment belt tightening. About 960 billion zlotys have been assigned for investments, 1.6 percent more financial outlays than last year; nevertheless this sum will not fill all the investment needs of the economy.

This scarcity of means requires that money be assigned to those areas of the economy which in the present social and economic situation are of prime importance: food and housing complexes and the fuel and power industry.

From the sum total of investment outlays, the most--29.2 percent, that is 280 billion zlotys--have been assigned for investments in the housing complex, comprising both collective and private housing. Also the construction of municipal investments, the so-called land development, will be financed from this sum. Outlays for housing are 0.4 percent higher than in 1982.

270 billion zlotys, 3.8 percent more than in 1983, have been assigned for investments in the food complex, which encompasses private and collective agriculture, and the following industries: food, electro-machine, and chemical. Thus outlays have been secured not only for direct producers of food, but also for industries which make equipment for agriculture.

130 billion zlotys, 1.6 percent more than last year, have been assigned to the fuel and power industry, mainly for investments in coal and lignite mining, as well as in power engineering.

The remaining subsectors of the economy must content themselves with the sum of 280 billion zlotys. This money will be used mainly for continuous investments, and especially those undertakings which can guarantee production results in 1983. Priority in funding was given also to re-production and modernization investments that can be realized in short periods of time, provided their production is destined for the domestic market, for export, or linked with savings of raw and other materials.

In conformity with the assumptions of the economic reform, the enterprises themselves and regional authorities will undertake decisions concerning the expenditures of the assigned means.

73 enterprises, for which 142 billion zlotys, 14.8 percent of the total investment outlays have been assigned, are on the list of so-called registered investments. The most important group consists of the enterprises of the fuel and power industry: the "Belchatow" mine and power plant, the "Kaweczyn" electric power and heat generating plant in Warsaw, and the pilot mine of bituminous coal in the Lublin Coal Basin, among others. Food complex enterprises are also among the central investments, "Ursus" and "Police II" among others.

In 1983 the implementation of only three central investments will begin: construction of the first phase of the metro in Warsaw, the first phase of the "Dziedzkowice" waterworks, and the Zarnowiec nuclear power plant.

The investment pie is extremely small. Despite halting the realization of about 1600 investments in the years 1980-82, in 1983 it will be necessary to halt further construction projects. Proposals have been made for completing some of these projects in partnership with other socialist countries. In the case of several investment projects the negotiations are quite advanced, said Wladyslaw Jablonski, deputy chairman of the Council of Ministers' Planning Commission, at the recent session of the Mixed Commission Deputies' Group for Investments.

#### Investment Strategy in 1983-1985

Warsaw RADA NARODOWA GOSPODARKA ADMINISTRACJA in Polish No 24, 27 Dec 82 pp 27-28

[Article by Marian Wysocki: "Between Requirements and Capabilities"]

[Text] The investment strategy of the nineteen eighties must take into consideration the following goals:

- restructure of the economy;
- increase of the effectiveness of economic processes;
- augmentation of the supply of consumer foods, particularly foodstuffs;
- preparation of society for life in forthcoming decades, through initiating projects which would guarantee the extraction of raw materials and harmonious functioning of the whole infrastructure (communications, transport and other elements).

Circumstances independent of planners and administrators influence this strategy, namely:



- social demand for improvement of living conditions, particularly in housing and health services,
- domestic crisis, along with global political struggle and resultant trade, credit and supply effects,
- "freezing" of multibillion [zloty] investments and the necessity to save at least part of them,
- inflexible, expensive and badly functioning construction industry,
- necessity to change the principles of management of enterprises and economics in general, despite conditions unsuitable for such change.

Only against this background can we discuss whether the assumptions of the three-year plan in investments and other areas correspond to social expectations in regard to quantity, material and efficiency. The above proposals are a compromise between circumstances, goals and forces, calculated for average statistical conditions. Also considered are system-type solutions of a transitory period in which not allotment, but own financial means and credit are in force, the initiative however is hampered by the crisis, particularly supply capabilities and inflation.

In the years 1983-1985, investment outlays in the scope of the whole national economy are estimated at about three trillion zlotys, or to be exact, 3010 trillion zlotys. The share of investments in the expected national income will amount to 22 percent. In 1983, as well as in the following years, the level of investment outlays will not exceed 80 percent of the expenditures for these purposes in 1981. Such are the realistic possibilities for the economy, which in the current year has been able to consume an investment fund of 950 billion zlotys (the plan was for 1048 billion zlotys) although last year's outlays reached 1208 billion zlotys.

#### Distribution of Investment Zlotys

Assigning 30 percent of all investment outlays for the needs of the food economy in its most comprehensive sense is envisaged for 1983-1985. They are to grow systematically from 23.6 percent in 1981, over 28 percent in 1983, to 30 percent in the last year of the three-year plan. Unfortunately, due to the lowering of the general investment expenditures, the yearly sums will average the level close to, or only slightly higher than those realized in 1981. Included are the needs of agriculture (collective and private), agriculture and food industry, major producers of agricultural equipment, fertilizers, pesticides and insecticides. Besides these outlays, a number of investments servicing the food economy but belonging to other sectors, is to be realized. Among these are housing for farmers (jointly about 130 billion zlotys), expenditures in power engineering (sources and transmission of energy) and other industries, construction industry, and social services sphere, among others. In reality, expenditures connected with the area of the food economy considerably exceed the amounts presented above.

For the housing needs complex nearly 30 percent of all the outlays in the years 1983-1985 are to be assigned. In relation to the current proportions this means a certain increase of its share. At the end of 1981 this share amounted to 28.6 percent, in 1985 it is to amount to 30 percent. All of the housing construction, municipal economy and--to a small degree--outlays for the so called housing industry, are to be included in the expenditures.

These however are not all the expenditures connected with satisfying the housing needs. They do not include the sewage treatment plants, electric power engineering, gas and communications investments. Besides the outlays for the housing complex there are also large expenditures for transportation, which are connected in part directly with, for example, new communities.

Among the basic areas, the fuel and power industry receives preferential treatment. Its share increases from 12.1 percent in 1981 to almost 14.5 percent in 1985. The above expenditures include mainly the coal and lignite industry, electric power engineering the thermal energy industries, gas engineering, and oil industry.

Health protection is to receive similar preference and it is envisaged that about 3 percent of investment expenditures in the whole 3-year period will be assigned for it, while in 1981 they amounted to 2 percent.

It should be added however that urgent needs in the enumerated areas significantly exceed the amounts defined in the assumptions.

#### Steering the Processes

A system of steering the investment processes is being created. In this system, the gaining of independence by enterprises and people's town councils is accompanied by a marked decrease of the central planner's interference in investment activity. Fewer people are making the decisions. The new quality consists of estimated defining of the investment level and structure of the investment plan in the predominant part of the plan.

The directive-type amounts pertain only to the centrally planned investment group. To this group belong individually defined enterprises (tasks) confirmed--in the form of a detailed statement, which is part of the NPSG--by the Council of Ministers, and the most important of them will be confirmed by the Sejm. To this group belong also the investments of the budget units subordinated to the ministers. Within the framework of the NPSG, will be defined--based on the Sejm resolutions--the general size of the investments centrally planned, including concrete investments strategically significant for the economy and obligatory amounts of investment outlays for departmental budget investments. The ministers (managers of central offices) will undertake detailed decisions within the framework of these total sums. Central investments (individual) will be financed by investors' own financial means, bank credits, and will be complimented by budget means. Financing budget investments will be based on budget means measured in appropriate sums in the state budget. The share of centrally planned investments will amount to about 20 percent of the total outlays in the national economy, with individual ones amounting to about 15 percent.

The second group is made up of the voivodship offices' investments. To these belong above all the investments of the budget units, subordinated to the local organs of state administration and public utility enterprises financed--beside their own means--from local budgets. The voivodship budgets will be supplied from the central budget for the envisaged investment activity, and local organs from the voivodship budget. The joint size of voivodship offices' investments will be defined approximately in the NPSG and CPR. In the years 1983-1985 they will not exceed 15 percent.

The basic investment trend however will be toward investments of socialized enterprises (state and cooperative). The amount of the investments in the third group will be decided by, apart from accumulated resources, bank credit and also, in clearly defined cases, budget subsidies. Investments by enterprises ought to amount in the next few years to about 45 percent of all investments. Cooperative housing construction, among other things, will be realized within the framework of these investments.

The fourth group of investments are the population's own investments. The assumptions of the plan envisage a marked increase in these undertakings; they pertain mainly to agricultural investments and housing construction. The estimates of the plan envisage realization in this form of nearly 20 percent of all the investments in the national economy. At the same time the plan envisages creation of convenient credit and material conditions for a possibly wide formation of this group of investments.

The final size of investments will be shaped in the year of realization. The sum of the intentions of voivodship authorities, enterprises and population--about 80 percent of the total of the investment plan--depends on the amount of means accumulated for this activity. It can be higher or lower than the plan's estimates.

For the first time an attempt to coordinate the social-economic plan, the credit plan and the state budget already in the initial phases is being undertaken. This may lead to balancing of material and financial tasks.

In the reformed economy this conformity is of particular importance, because by bringing the money to a particular area or subject, we are giving a chance and incentive to those, whose activity the planner and the state particularly care about. This way the criteria and priorities of the credit policy and the credit conditions are adjusted to the plan requirements. The estimated credit amounts correspond to the proportions of the investment plan. Thus credits cannot lack for central investments, housing construction, and the food economy in the amounts resulting from the plan.

In granting credits for investments to enterprises, priority will be given to short-cycle, energy-saving undertakings which would increase production of home market or export goods. Similar relations will be established between the sphere of investments and the central and local budgets, taxation system and principles of giving access to foreign exchange.

Additionally, in order to guarantee the workability of the steering of the investment program, appropriate steering principles of the supply materials are being established. Nearly 200 articles will be centrally balanced. Part of them belongs to a group of distributed ones, while the majority--to those included in obligatory turnover. Central balances define the expenditures for major purposes, including, for example, housing construction, market, and small-scale industry.

The supply principles established by the Council of Ministers envisage priority in securing--within the framework of the quota for production goals--export production, fuel and power industry, and hospital construction, among others.

The plan's assumptions have been formed as a vector of manifold needs and pressures. First of all the outlays resulting from "just" goals exceeded in this phase one hundred percent of future capabilities. In this situation the planner's role had to be reduced to removing glaring disproportions, and this caused a weakening of the postulated selection rule. The steering system is a mixture of the "old" with the "new." On the one hand, it encourages, on the other, secures, offers independence and even leads by the hand.

The plan's assumptions also incorporate a considerable improvement of the effectiveness processes (productivity, efficiency, and materials-intensiveness). Incorporating it in the plan's variants surpasses intellectual capabilities. These circumstances must be taken into consideration when interpreting the investments part of the assumptions for the years 1983-1985 and the whole investment process.

The local planning and executing services are faced with very difficult tasks.

First of all the planning activity must be adjusted to capabilities, obviously smaller than envisaged hitherto. This signifies a necessity to review the investment programs and to verify the capabilities to continue the current construction projects without looking around for additional special subsidies.

The increased powers should develop independent searches for financial means and agreements with partners, namely, activities indispensable to carry out the planned tasks. Activity and initiative are the main attributes of good results.

Using the powers requires an excellent orientation in the investment system, in the contents and relations between the social-economic plan, credit plan and budget. Current knowledge of legal acts defining credit principles, supply system, price policy and other economic areas will also be of important significance.

The specifics of various types of investments in the sphere of locally planned economy, against the background of the powers of enterprises, local organs of state administration, and people's councils, must be grasped.

11011

CSO: 2600/287

## HEALTH PLAN IN 1982-1985 OUTLINED

Warsaw SLOWO POWSZECHNE in Polish 10 Jan 83 pp 3, 4

[Interview with Zdzislaw SZAMBORSKI, general director of the Ministry of Health and Social Care by Maria Zera: "Caring for Health of 36 million"]

[Text] [Question] May I ask you to present the most important issues of health-care reform, and the controversies connected with them?

[Answer] Health and social care, as elements of national economy have to adapt their principles to the situation created by the reform.

Team XIII for reform matters in the area of social services, under the chairmanship of Aleksander Lukaszewicz, operating within the framework of Economic Reform Commission, worked out a draft of the basic principles for the functioning of health services and social assistance in the economic reform. The draft was widely discussed in all society as well as within certain circles only. The results of the discussion confirmed the appropriateness of many agreed-upon goals. Their implementation should lead to:

- \* a more efficient system;
- \* realization of the leading role of the basic health care in the place of residence, with special attention paid to prevention measures;
- \* securing the mechanisms of effective operations, favorable to the rational use of the cadre, material, and financial resources at the disposal of the institutions servicing society;
- \* subordination of all organizational, economic, financial, and incentive activities to the well-being of the patient;
- \* ensuring significantly greater participation of the society in the care of its own health (here I mean prevention of alcoholism, tobacco-smoking, accident and injury prevention, rationalization of vacation and physical fitness program).



Introduction of the reform in the area of social services is going to be gradual. The adjustment of the social and health care system to the situation of the reform has begun this year already. For example, improvement of the existing organizational system with respect to their adaptability to the local situation can be mentioned here: introduction of new methods of specialized inspection in 1 January 1983, and practical confirmation of the free selection of a physician (the results will be known in 1984).

[Question] To what extent does the reform take advantage of the economic mechanisms which in turn are the basis for the "big reform"?

[Answer] The "big reform", in the social feeling, generalizing of course, is based on the implementation of the principle described briefly by the "3 S". The adoption of this method in relation to health prevention and social care is possible to a limited degree only. It is known that the constitution granted free medical care to almost all citizens and that prejudices the manner in which it is financed and excludes the possibility of covering the expenses out of one's pocket. That does not mean, however, that the introduction of changes is not foreseen, changes that to a greater degree than up to now will stimulate the national economy by means of financial measures and resources.

And thus, the change of the principle of financing is proposed in such a way that the supply of financial resources would be dependent on the scope, amount, and level of the services.

There are possibilities already to apply the principle of self-management. We can mention here, for example, the founding of social health councils on all levels, starting from *gmina* [parish] clinics, or the founding of the councils affiliated to health establishments, whose the task will be to influence the organizational, management, and control processes in the health units.

[Question] A statement is being repeated that the goal of the reform is to fulfill the social needs in the next 5 years to a maximum degree. Do you think this goal can be achieved? After all, 5 years or 3 so to speak--that we are talking about--is a very short period. Besides, we do not start from zero and that means there are positive and negative aspects of it.

[Answer] In fact, the ministry is facing only three years till the end of the 5-year plan and the implementation of the goals; this requires a lot of effort. Nevertheless, I would like to state that in spite of the crisis a visible worsening of the health of our society did not take place. A breakdown or evident worsening of the operation of health and social care did not occur.

Uneven distribution of the medical cadre, primarily of physicians, has had a negative impact. Also generally felt shortages of construction materials and equipment difficulties, noncompletion on time by contractors, all these make difficult the implementation of the goals as far as the increase of the new medical care base is concerned.

Nevertheless, the government decisions of 1981-82 resulted in a certain improvement, creating, by the same token, a favorable entry point for the implementation of the goals in the remaining 3 years of the 5-year plan. Here I mean the achievement of the last year, in particular:

--a significant growth in budgetary expenses for medical and social care (in 1982--227 billion zlotys) which, basically satisfied the needs in the area of drugs, food, and maintenance of medical establishments, welfare payments and social assistance;

--increase in the employment plan by 36,000 permanent positions, i.e. twice as much as in the previous years, which provided the staff for newly-operating medical establishments and provided permanent positions for the employment of medical school graduates;

--the allotment of over 15 billion zlotys for salary raises for medical and social employees;

--the allotment of cash in the amount of over 80 million dollars for the purchase of medicine and raw materials for their production;

--the Presidium decision not to withhold any investments in the medical and social care and recognition of the NFOZ [National Fund for the Prevention of Health Problems] as nonallotted. In 1982, 5,500 more beds in hospitals and mental health institutions are foreseen, 5,000 places in homes of assistance, over 2,000 places in nurseries, 30 medical clinics in the country.

[Question] In the proposed variants of the 3-year plan for coming out of the crisis, health care is treated with due respect but in a very slogan-eering way. We are reading in the proposals that "one should", "one has to", "one ought to"--it is not known, however, how to do it, what measures should be taken to achieve the goals. As far as I know the plan for 1983-85 is ready, waiting for the confirmation in the Council of Ministers. May I ask you to present its main goals?

[Answer] Taking into consideration the results of the past 2 years, the goals proposed by the ministry for the 1983-85 plan have greater effectiveness of taking advantage of the potential of medical care as a primary goal, in order to ensure accessible and on a suitable level health and assistance services to the public. The activities of the ministry concentrate on the area of better distribution of the medical cadre, and on activating all the medical reserves existing in the system and the in the health care material base.

According to the ministry draft, during 1983-85 the number of beds in mental health institutions will increase by 13,500, there will be 2,000 more places in social assistance homes and close to 3,500 more places in nurseries and over 200 more medical clinics.

In order to create suitable conditions to ensure regular and on-time completion of the medical and social care establishments, the involved ministries and governors [wojewodas] were obliged by the decision of the

Economic Committee of the Council of Ministers to undertake suitable measures, in order to eliminate causes of delay in construction and renovation of medical and social care establishments. Moreover, as of 1983 further construction of hospitals financed by NFOZ will be covered from the State Budget, 21 billion zlotys are designated for this purpose in 1983-85. We assume that the increase in the employment by 80,000 permanent positions in 1983-85. In 1983-85 the amount of current expenses is foreseen to grow 3 percent on the average.

[Question] To what extent does the draft take into consideration the possible reform in health services, or does it not take it into consideration at all, since implementation of the reform is foreseen after 1985?

[Answer] As I have already mentioned, the adaptation of health care operations to the reform situation requires a longer period of time; nevertheless, some of the solutions, mainly of an organizational character, are being implemented already this year. Successive introduction of changes as a result of the reform is foreseen. The changes deal with coordination of social assistance, rational drug economy, and a possible free selection of physicians within the basic health care plan. However, those reform goals will not be achieved without an increase in the medical system base, mainly the stationary base in social assistance homes and in the significant improvement in the supply of medical and related equipment and drugs. The quotas in this area were introduced in the agriculture plan and in the goals of the 5-year plan. They will create the basis for introduction of the health care system reform. But its implementation depends on all of us, not only on the medical care.

12246

CSO: 2600/325

BUDGET, INFLATION, INCENTIVES ASSESSED

Warsaw RZECZPOSPOLITA in Polish 29 Dec 82 pp 1, 2

[Interview with Alojzy Melich, Sejm envoy, by Jerzy Gonczarski]

[Text] [Question] In your opinion, what role should the Budget Act play under the current specific circumstances which on one hand designate the still-continuing deep crisis, and on the other, undertakings associated with the implementation of economic reform?

[Answer] Should the budget play a passive role, and therefore mirror the economic situation, or should it fulfill an active function, i.e., stimulate the economy to further growth? A question posed in such a way is a reflection of two schools of thought which perceive the role of the national budget differently. It seems to me that under conditions of reform, we must proceed definitively so that the budget will reflect not only economic potential at the same time defining financial allotments but so that it will, in fact, play the role of inducing the economy to act in a specific direction. In my opinion, we have devoted too little attention to defining this new role of the budget under new conditions.

[Question] Will the Budget Act fulfill this active role which you are calling for?

[Answer] The assumption is that it will fulfill this role. Whether this will actually happen, we will have to wait and see. This will depend on whether in practice there will be harmonious interaction between such instruments and methods of acting upon enterprises that they will function effectively and efficiently, and that through their results and gains they will assure revenues into the state's budget.

[Question] It appears from the Budget Act that revenues will be smaller than expenditures. This assumption gave rise to the opinion that next year's [1983] budget contains elements which escalate inflation. Is this opinion valid?

[Answer] Unfortunately, our economy still contains certain elements which stimulate inflation. Obviously, this is reflected in the budget. Sejm committees debated for many hours over the question of whether to limit to a

minimum those elements which could lead to uneconomical functioning. I believe that they were successful in doing this to some extent.

[Question] Are we to thank the work of Sejm committees and special inter-committee teams for the fact that the budget deficit which was anticipated at first, decreased from 400 billion zlotys to approximately 151 billion zlotys? What undertakings are behind the reduction of this gap of the budgetary deficit?

[Answer] The lowering of certain amounts in the budget represents the designation of tasks for specific sectors of the economy. For example, the issue of decreasing administrative costs came up. This became a specific task for the administration. Another example--improving the tax system. This task is directed to the Ministry of Finance. Finally, let us look at the most important source of state revenue--cutting expenses in management itself. For this reason, many items in the Budget Act were drawn up in such a way as to force enterprises to make use of production potential and workforce capabilities to the fullest extent possible, in order to obtain the best possible results with the least amount of financial input. Obviously, in discussing this problem we cannot avoid the possibility of an increase in prices justified by specific reasons resulting from the present economic situation. Such a price increase would undoubtedly cause a certain increase in state revenues. However, we would wish for budget revenues obtained in this way to be as low as possible. In addition, in reducing the budget deficit we also had to reach into bank credit.

[Question] Since you brought up the subject of prices, let us talk about wages. Do you agree with the opinion that the reason why the budget is inflationary is because it is the end result of decisions regarding the incurring of further debts by our country for consumer purposes? Does pressure for wage increases have a decisive influence on inflationary growth?

[Answer] It appears to us, and this is probably how public feeling runs, that the cause of inflation in Poland and at the same time of the crisis was the too-rapid increase of wages in recent years in relation to production. Although in the first half of the 1970's we witnessed large wage increases, it then turned out that the share of individual costs in the total sum of production costs and values was constantly falling. However, in the second half of the decade [1970's], when a freeze was put on wage increases, it turned out that the share of individual costs in production costs and values began to rise. Therefore, wages were not the cause for increasing inflation.

[Question] Where then do we look for the causes of inflation?

[Answer] In the rising costs of production, in ever-increasing wastefulness and in the improper steering of investments and production. In other words, in the low level of efficiency of the entire process of management. It is, therefore, necessary at the present time to take advantage of the conditions created by the budget in order to step onto the path of consistent elimination of all those unfavorable elements which stimulated inflation and which continue



to do so. In speaking about taking advantage of conditions which are created by budget acts, I am thinking primarily of action which ought to be taken by the people and of motivation. It is possible to overcome inflation by increasing revenues and wages, but under one basic condition: this increase must, in fact, be associated with increased work results--real and not feigned.

[Question] To our misfortune, we have mastered to perfection the feigning of work results....

[Answer] Indeed, and we are now unable to define either real work input or its effects. In the meantime, under crisis conditions when the standard of life of a significant part of society is declining significantly, tying in definite increases of work results and input with wage increases can be, in my opinion, of vital significance in overcoming inflation and the crisis which, as opposed to the West, is caused by the overproduction of consumer goods but by their shortage on the market. Increasing production is a primary goal; wage increases may be conducive to this. However, we should look after only one thing: that their [wage] increases not overtake production growth--for that is when we will overcome inflation.

9853

CSO: 2600/262

WAGE, PRICE REFORMS ASSESSED

Small, Large Wage Reforms

Bialystok GAZETA WSPOLCZESNA in Polish 27 Dec 82 pp 1, 2

[Interview with Deputy Minister Krzysztof Gorski by Romana Kalecka: "What Further on Wage Reforms?"; date of interview not given]

[Text] (Warsaw) (PAP)--Recently, an ever increasing hush surrounds the brochure "How Much? To Whom? For What?," which when published toward the end of August, initially aroused a good deal of excitement. Because of this, considerably more is happening, inasmuch as the recent rate of increase in wages themselves exceeds expectations and again threatens to aggravate economic imbalance. A present day portrayal of wages and results of debates on the fundamentals of emolument reforms are discussed by Krzysztof Gorski, deputy minister of labor, wages and social matters, and a PAP press reporter.

[Question] At what rate do wages rise?

[Answer] During the course of 3 quarters of the current year in the socialized economy, the nominal wage (excluding compensation) rose by 1,978 zlotys, as compared with the corresponding period of last year. In material production (excluding the coal industry, which changes the picture considerably), the average wage increased by 1,782 zlotys and in nonmaterial production so-called, by 1,652 zlotys. This relatively balanced rate of growth in emoluments is a favorable phenomenon, considering the great deal of wage disproportions in the past.

However, the distinct accelerated rate in wage increases in recent months is disturbing. From June to November, in 4 basic sectors of the economy, nominal wages (excluding compensation) increased by practically 23 percent, whereas in preceeding years (more stable) emoluments remained generally on the same level during that period. Everything indicates that the December results will aggravate the state of affairs even more so.

[Question] However, we do not feel this increase yet. Wages have not overtaken the living standard, which increases even more rapidly...

[Answer] The truth is that actual wages appear to be continually below the level of past years. For example, in October of this year, actual average wages (including compensation) amounted to hardly 76.4 percent of actual wages of a year ago. It was somewhat better in industry--78.1 percent (including coal mining), whereas in transportation and communication it was the worst--69.8 percent.

Consequently, everyone lost. On the other hand, in comparison with the present ability of the economy to express itself in an amount of goods and services which can be offered to the public, the amount of money in circulation objectively considered, is meanwhile too great. There is no special proof even needed for this, although such computations are systematically conducted--each one of us to a smaller or larger degree, encounters the effects of "empty money." Thus, its increase, even though regarded as beneficial in the estimation of certain groups of people--is not pleasant. And this is the fundamental dilemma of wage and monetary policy, social services, conducted under crisis conditions. I believe that until we sanitize the money, we will not restore value to the zloty, and even the best conceived system of wages will have no motivational value.

[Question] What are the reasons for such a rate of increase in nominal wages when the growth rate of production and labor productivity remains yet so far behind it?

[Answer] Several reasons are accountable for this. Under conditions of lowering the living standard, pressure of the workforce for an increase in emoluments is entirely natural. Conducive to this is the shortage of people in the labor market. To a certain degree, an increase in wages was influenced by cabinet resolution no 135 "in the issue of applying the principles of personnel emoluments to the economic reform," and was treated by a segment of enterprises as a signal to regulate wages. This was achieved by subsequent relaxations in the principles of encumbrances for the Vocational Activation Fund [FAZ], an apparatus which under the monopolistic conditions of many producers was, for a considerable segment of enterprises, the only barrier impeding excessive increases in emoluments. Then with these relaxations, essential arguments were also made--chiefly concerning the stimulation of production growth. As is known, this objective was partially achieved; however, the cost can be disturbing.

[Question] A year of economic reform activity is ending. Throughout this entire time there was discussion on wages as the weakest point of the reform obstructing its initiation.

[Answer] I cannot agree with these opinions. Last year in the wage sphere, truly great changes of a qualitative type occurred. New solutions were introduced not only in our economy but also in comparison with other socialist countries. It is sufficient to recall the relationship between the amount of resources for emoluments and the profit of enterprise, and deviation from the

allocation of those resources for various funds whose utilization was guaranteed by rigid regulations. A matter of great importance is also full freedom in the management of those resources and formulation of a factory wage policy. Every enterprise can, after all, decide on the selection of forms of emolument and establish its own wage tables, being guided only by minimum and maximum rates specified by the center.

Resolution no 135, in the opinion of a majority of enterprises, permits them to conduct their own policy on wages. Numerous polls confirm this. Recent surveys by management inspectors in a score of enterprises indicated, for example, that in approximately 75 percent of these plants, internal wage ratios were successfully improved. Many enterprises try--often with good results--to create their own motivational systems. Great changes follow in the systems of awarding bonuses; incentives are introduced for undertaking work on the second shift and also for improving work discipline, which already brings a decline in absenteeism. Implementation of this resolution still continues. We will carefully observe this process and disseminate the best solutions without, of course, interfering in factory decisions, because the Center already has no right to this.

[Question] All of this is called "the small wage reform," but what about the large, the one announced in the brochure?

[Answer] I do not quite like to be identified with those designations--small and large reforms. I emphasize once more, and the directors or the paymasters of very many enterprises can confirm this--what has been performed thus far in the area of systemic solutions is a very large step forward, at least if we regard it from the point of view of opportunities offered to enterprises. The brochure was simply an aggregate of proposals proceeding further but in the same direction.

An appraisal of the discussion itself which, after all, is still in progress, is rather difficult. On one hand, one can talk about the relatively great interest in this subject matter. I am thinking here of the press publications, scores of institutional meetings or debates organized by scientific institutions. Management was besieged by several hundred letters from enterprises and private citizens. On the other hand--in which instance I do not in the least desire to accept defensive tactics here--it is rather often stated that the brochure was inadequately communicative and that consideration of a systemic type was not so much expected of it as was a clear assertion as to when and who will receive a raise.

Whereas, insofar as a meritorious opinion of the proposals themselves was incorporated in the brochure, it is difficult as ever for any unequivocal proposals whatever. The conviction prevails that more work is needed for the purpose of further reforming principles for emoluments.

However, our concept--treated after all as thought-provoking--met with a full range of opinions: from superlatives on through numerous doubts, all the way to total criticism. It is worse that our intentions crossed with the expectations of a segment of the workforce; especially in private letters the

theme, "It is not important how you pay, if you pay equitably," is continually recurrent. The reform, which is demanded by a considerable portion of public opinion, is identified not so much with the rebuilding of the emolument structure and the motivational apparatus, as simply with wage increases which will offset a reduction in the living standard. Additionally--and predictably--letters directed to management revealed inconsistency in the interests of various groups, for example, the different position of older and younger personnel in view of the proposal for calculating length of service allowances in relation to the minimum wage.

[Question] And what are the opinions of the specialists, theoreticians and practitioners of the wage policy?

[Answer] In their opinion, it is necessary to conduct such a deep reform cautiously. It is even better to shift the time appointed for introducing its implementation so that it could be more accurately prepared, together with the systems for evaluating labor. It is also stressed that the current--always very complex--temporary sociopolitical state of affairs is not conducive to such reform. After all, it requires changes in the labor code and collective labor contracts in which instance it has been brought up that they should be delayed until trade union centers have come into being. Without their participation, the annulment of contracts could be taken as a unilateral imposition of the wage system. Furthermore, the discussion revealed a series of reactionary blemishes in our concept. Consequently, it is proposed that studies on the fundamentals of reform be completed, taking into account the results of prior debate, and that the draft be once more subjected to public survey in its final or very precise form.

At stake here in particular is the presentation of the outlined principles for evaluating labor or rate-scale methods, so-called. It is further brought up and I suppose not without reason, that one should delay the ongoing systemic changes until the new Vocational Activization Fund [FAZ] computation rules are verified. Under the circumstances of the wage reform policy and of the wages of every worker after all, both the principles for adjusting the methods of paying emoluments and the net wage solutions themselves are decisive.

[Question] And so, what will the further course of reconstruction work on the principles of emoluments be like?

[Answer] At present we are preparing various proposals for statutory reform solutions together with rate scale methods. A draft of such a study embracing workers is after all, already finished and is based on the criteria of the complexity and burden of labor accepted by a majority of the debaters; next, outlined rate-scale methods for white collar workers prepared by the Institute of Labor and Social Affairs are nearing completion. We plan to wind up all these studies by the end of the first quarter of 1983. At that time we shall submit these proposals for renewed discussion. If they gain clear acceptance, the very process of initiating new principles could be started in the course of the coming year or in 1984.

[Question] In what general direction will the new draft solutions go?



[Answer] It is yet difficult to provide a final, precise and unequivocal answer here, and this arises simply from a very great division of opinions. On the other hand, several issues are almost definite. First--that the reform will not be some sort of single act binding on all enterprises. Rather, we imagine that the statute or some other act which will introduce new principles will create the opportunity for their gradual initiation in enterprises that will plan adequate measures for it and gain the acceptance of their work forces for new wage solutions. Second--the majority of those expressing an opinion regards as essential the introduction of newly-outlined principles for evaluating labor in which instance the directional proposals in this matter incorporated in the brochure are generally accepted. Third--no one denies that within the framework of reconstructing the basis for emoluments, the prior compensation which a worker receives should become a factor of his emolument.

Opinions concerning the principles for determining wage tables are divided. A portion of the debaters declares itself in favor of solutions approximating those introduced in July of this year; others favor a variant limiting the authority of the Center to determine the minimum emolument and coefficients of the spread between the lowest and highest rates. Proposals to base the structure of all supplements on the lowest wage aroused very much controversy. Here, I imagine, some sort of compromise will be necessary, or even a presentation of the variable proposals with an explicit submission of all arguments both pro and con.

We do not expect that this time the reply of public opinion to our proposals will be unequivocally positive. On the policy of wages, there are no perfect solutions or unanimity, especially in the area of crisis, with distinct equitable trends and strong pressure on the remunerative function of wages and contradictory group interests as well. It will be necessary to select a concept from this crucible, which the majority will declare itself to favor, and which at the same time will support the objectives of economic reform.

#### Realistic Price Policy

Warsaw TRYBUNA LUDU in Polish 12 Jan 83 pp 1, 3

[Interview with Wojciech Pruss, under-secretary of state in the Bureau of Price Affairs, conducted by Andrzej Leszczynski: "Re: Prices, Realistically; " date and place of interview not indicated.]

[Text] This year's price increases aroused anxiety among many of our readers. We read about it in letters, we sense it in telephone calls, during meetings at the office and in the plants. These are understandable reactions, inasmuch as every price increase affects the customary level of life to some degree. Against this background numerous questions arise as to the rate and scope of this year's increases.

Principles governing the policy on prices were outlined during the recent parliamentary debate. Today we return to those problems in an interview with comrade Wojciech Pruss, under-secretary of state in the Bureau of Price Affairs.

[Question] Must prices continually rise? Didn't last year's increases solve the economic dilemma?

[Answer] Last year's price increases contributed to a partial solution of three problems burdening the economy in an essential manner. I repeat, a partial solution. And so, in 1981, as a result of irregularities occurring for several years, signs of unprofitability became evident. Production costs, jointly taken, exceeded revenues from sales by approximately 2 percent. Obviously, the rate in this instance was very discriminatory.

The making of producers' prices and increases in realistic retail prices, improved considerably; using the language of economics, the ratios between enterprise revenues and production costs improved. In other words, the economy began to pay for itself again.

[Question] Did all products become profitable?

[Answer] No, there was no success in achieving profitability in the production of basic food items, but it was possible to considerably reduce the amount of subsidy for that purpose. If it approached approximately 150 percent of the value of subsidized food products in 1981, then it will amount to not quite 20 percent this year.

Subsidies for some means of production and services for agriculture remained unchanged--for fertilizer, insecticides, industrial fodder, as well as for segments of service for agricultural circles. Thanks to this, it was possible to limit an increase in the cost of agricultural production and consequently check an increase in food prices.

Transportation, the communal and housing economy remained unprofitable; and also, despite a relatively high increase--the extraction of coal. The concept of making profits with one stroke across the entire economy increase prices on such a large scale that society would be in no position to digest it. This is what the profit area looks like.

[Question] But last year's price increases were also to lead to balancing demand with the supply of goods on the market. Yes, in every instance this was predicted...

[Answer] Following the increases, no doubt a certain calm took place in the market; difficulties involving purchases were reduced. This was felt in the food shops particularly, but likewise in others. However, a clearer, lasting balance failed to be reached. For it depends not only on prices but above all on the quantity of goods in the shops.

Meanwhile in the past year, a serious decline occurred in supplies for the market which was not averted by the apparent boom in industry in the second half of the year. During the course of 11 months in 1982, the value of goods provided for the market, estimated in constant and hence comparable prices, was 18 percent lower than during the same period in 1981. And in connection with this, the level of supplies was drastically reduced. That is the first reason.

The second is the rapid growth in personal income which followed in the second half of the year, especially in the last 3 months. In the period from April to November, monthly income increased by 30 billion zlotys, that is by 30 percent.

[Question] But what first of all contributed to this bulge in the pocketbook?

[Answer] All sorts of income were increasing--emoluments for work, social services and also farm income derived from the sale of agricultural products. However, while the latter had to a considerable degree, a seasonal character associated with the fall sale of crops, the increases in wages, as well as the growth of social services have a lasting character.

This increased mass of money, irrespective of whose hands it reposed in, "sucked up" goods from the market. But no little portion of that money, finding no expression in goods was saved, increasing the "inflationary curve," which at the end of the past year was estimated at approximately 500 billion zlotys.

[Question] Have we not been bogged down too much in the past year, which has after all, by now gone down to posterity? On the other hand, our principal interest today is the policy on prices for the current year....

[Answer] This looking back was necessary, inasmuch as economic processes are characterized by continuity. We inherit the troublesome problems of the old year--and the inflationary curve, and subsidies for unprofitable production and production barriers.

In the areas of wages and social services, a majority of the cards was just distributed in 1982. The plan anticipates that this year's combined personal income will amount to 3,761 billion zlotys and will be approximately 12.6 percent higher than that of last year. Also, it is not difficult on this basis to estimate what the purchaser's capital, so-called, will amount to--that is, the portion remaining after payment of various obligations designated for the purchase of goods and services. We estimate that the public will commit 3,356 billion zlotys for those purposes, that is approximately 21 percent more than was actually spent in 1982.

[Question] To what degree will this money find expression in goods? In other words, will there be anything to spend it on?

[Answer] This is the problem. It is estimated that this year the value of goods and services offered will amount to hardly 3,011 billion zlotys, or approximately 345 billion zlotys lower than anticipated personal income. If

this gap cannot be filled with goods, and this will be difficult, then increased prices remain as the only method for increasing the value of market offerings. Without them, further aggravation in the imbalance and ransacking of shop shelves would follow.

[Question] In that case, what was the rate of this year's price increases supposed to be?

[Answer] In the 1980 plan consistent with the public requests, this increase was limited to 15-16 percent. If we determine that a 6 percent price increase will be carried over to the market from last year, then new increases completed this year should be confined to the limits of 9-10 percent. This will not yet equalize the value of the supply of goods and public financial resources, but will considerably reduce the spread to approximately 75 billion zlotys.

[Question] These are the rate increases but what of their aspects?

[Answer] The particular sensitivity of society towards the increase in food prices is understandable. For that reason, in 1983, present prices are to remain unchanged for meat, milk and their byproducts, bread grain products, fats and sugar. This will be possible with the assumption that the procurement prices of agricultural articles will not be increased.

As Prof Czeslaw Bobrowski says--if protective zones are being created, it is necessary at the same time to determine the zones not subject to protection. This principle can be transferred to the price policy. With the protection of prices for necessities, increases will relate to articles and services which are not essential to the average home economy, or whose excessive consumption is inadvisable or even harmful to physical and public health. This is, in short, the philosophy by which we are guided.

Increases in communication, postal and housing costs are a certain deviation from it. But their size, unchanged for a long time is especially low, and far removed from profitability. The feasibility is also under consideration to combine price changes with the simultaneous repeal of regulations on the sale of specific goods.

[Question] Are this year's price increases limited to only this rate and area?

[Answer] Such are the assumptions planned--an increase no larger than 15-16 percent which includes a 6 percent increase carried over from last year. To maintain this assumption, among other things, price increases in raw materials and other materials are essential and will not be introduced at once but in stages.

However, an essential condition is the maintenance of personal income on a planned level, based on the material accomplishments of labor. Each additional increase in income, unless accompanied by an adequate, over and above the planned quota supply of goods will create market tension. On the other hand, let us state sincerely that these are the real threats in the current year.

In conclusion, I would like to combine this opinion with the very immediate necessity to oppose inflation. Price increases are essentially a manifestation of it. It is not, however, sufficient to state this, but it is essential to eliminate the sources from which inflation springs--and hence, income lacking expression in the material accomplishments of labor and likewise the excessive and unfounded costs of manufacturing. Prices are only a collection of those causes which are anchored in the economy.

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STATISTICAL SURVEY ON COST, STANDARD OF LIVING REPORTED

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[Interview with docent (Doctor Habilitatus) Jan Kordos, director of the Department of Social Research of the Main Statistical Office, by Grazyna Smulska: "How Do We Live?"; date and place not specified]

[Text] [Question] Can statistics answer this question?

[Answer] The question is fairly general, but I presume you mean how incomes, living costs, expenses and consumption were formed in the crisis year of 1982. Answers to this are provided by surveys of family budgets and consumer prices conducted by the Main Statistical Office.

[Question] How are such surveys conducted?

[Answer] Family budget surveys have been conducted systematically since 1957. The Main Statistical Office has gradually perfected them by increasing their scope and number of families surveyed. In the last decade they included about 9,000 households.

[Question] That is a small sample out of 10,000,000 households.

[Answer] The number of households surveyed is sufficient, but the point here is not large numbers. In other countries no more than 5,000 households are surveyed, and that is enough. The important thing here is the method which would make it possible to obtain results representative of the whole sampling of households, and in this respect family budget surveys are among the most difficult. It is not easy to obtain accurate data, since certain information is systematically underreported.

[Question] What kind, for example, and why?

[Answer] Respondents, i.e., the households surveyed, usually underreport variable income, expenditures on alcohol, tobacco products and delicacies. These tendencies are observed in every country. In order to obtain correct information, certain corrections based on data from other sources are essential. However, the results also depend on the survey method. For example, when a household surveyed records its income and expenses

over several years, by using those records it can change the structure of its expenses, and thus become less representative.

Until 1981 we used the so-called long-term method of research, under which a selected household kept records of its expenses over a period of four to five years. In 1982 we introduced a new method, the so-called rotational method, under which the household records all income and expenditures only for one quarter, and for the whole year only reports income and expenditures for certain scarce items, such as durable goods. Thus in 1982 we conducted parallel long-term surveys (approx. 5,700 households) and rotational surveys (approx. 6,800 households). This was a transition year. From January of this year we have been using only rotational surveys, and in this year we plan to cover 21,600 households with them.

This is a general outline of our sources of information, from which we draw knowledge about how we live.

[Question] Returning to the title question, how do we live, or rather, how did we live in 1982, according to the Main Statistical Office?

[Answer] We only have preliminary data, since the final results will be known only three months from now. So I will limit myself to two basic groups of households: working households and households of pensioners and annuitants. I will begin with nominal income. This has been influenced by the system of compensation, pay raises, the increase in pensions and annuities, and by other sources. Thus, the index of nominal income per person in working households amounted to 160.6 percent, and thus income increased by over 60 percent in comparison to the previous year, i.e., 1981. However, income from work increased by only 44 percent, but income from social services, in which we also include compensation, rose by approximately 220 percent. A very high growth rate of nominal income, amounting to 180 percent, was observed in the households of pensioners and annuitants. This means that incomes rose by about 80 percent. These are obviously average changes in income; for individual households it varied considerably. Income increased by no more than 40 percent for about 30 percent of households, but for about 20 percent of households this increase was more than 100 percent; this means that their incomes at least doubled. It must be said that an increase in income was greatest in those households which in 1981 had lower incomes, but income was significantly below the average in households from the higher income groups. Thus, in households whose per person income in 1981 amounted to less than 3,000 zlotys per month, average income increased by 80 percent, and in households with an income of over 7,000 zlotys the average increase amounted to only about 25 percent. This is a result of the system of compensation adopted, which favors the economically weaker households.

[Question] But I know families whose nominal income in 1982 was lower than in 1981. What are these ratios like in households of pensioners and annuitants?

[Answer] In those households, as I have said, the increase in income was significantly higher, since it amounted to almost 80 percent; however, even here significant differentiation can be observed. For about 20 percent of the households, income rose by less than 40 percent, but income rose by over 100 percent for over 20 percent of the households. Here too we can see a very clear interdependence between the level of income per person in the previous year, 1981, and its growth rate. For households with a per person income of less than 3,000 zlotys, average income almost doubled, but for households with incomes of over 6,000 zlotys, that increase amounted to only 20 percent.

It should be added that the structure of income according to its source has changed significantly. For working households the percentage of income from work amounted to 89 percent in 1981, but only 81 percent in 1982. For income from social services these ratios were 9 percent and 17 percent respectively.

As a result of the system of compensation, incomes tended to be more leveled out in 1982, i.e., a greater percentage of persons is grouped around the average income than in the previous year. This affects all the basic household categories.

[Question] Does that also include peasant and worker-peasant households? So far we have said nothing of these.

[Answer] For those groups we do not yet have the preliminary data which could be used in analysis. These data will only be available in a few weeks.

[Question] Nominal incomes were greater, but at the same time prices increased significantly. How did this affect family budgets?

[Answer] On the average, the cost of living index for working households was about 205 percent compared to the previous year, i.e., it rose by about 105 percent, while for households of pensioners and annuitants it was about 115 percent, i.e., everywhere over twice as high. The greater increase in the cost of living of households of pensioners and annuitants was due to the fact that in these households the share of food in overall expenditures was and is significantly higher than in working households, and food prices increased the most, by almost two and one-half times.

These are the averages. For a particular household the cost of living could be different; however, the increase in 90 percent of the households was between 180 percent and 240 percent.

[Question] Is the cost of living still rising?

[Answer] It rose tremendously in February, after the increase in food, fuel and energy prices. In the following months prices of nonfood articles and services rose, so that a further increase in the cost of living indices was observed, but not such a drastic increase as before. Since around September, no essential change has been observed. This is because in September 1981 the prices of baked goods went up, so that the indicators were somewhat lower than

in the previous month. In December 1981 the price of beverages was rather significantly increased, so that again in that month the indicator is somewhat lower than in the previous month, since we count these indicators in relation to the corresponding period of the previous year.

[Question] Comparisons with earlier years would be more relevant. Besides, everyone can make such comparisons for himself. How are the cost of living indices calculated?

[Answer] Data obtained from family budget surveys are used to calculate the indices. These determine the degree of importance of each group of goods and services going into the average "basket" of a given type of household. Then, on the basis of a special survey, the growth rate of prices in each of these groups of goods and services is established. Both retail and wholesale prices are researched, in food stores and on the black market. We have been working with the latter only since December 1981.

It must be admitted that we have many difficulties with research into retail prices under the conditions of such a strong disequilibrium in the market as has been the case in our country for quite some time. We have instituted a series of methodological changes to estimate the growth rate of prices. Such research is usually conducted through observations in particular ranges of prices of selected goods and services, the so-called representatives. More than 1,000 representatives are observed, but at present, data from other sources are also used, such as from family budgets, statistics on the turnover of goods, monographs and analyses of the Office of Prices, and other data. The point is to minimize possible errors which could arise in evaluating price changes in the areas under observation. It is worth adding that in statistics, information from various sources is often used in order to ensure the reliability of the results obtained.

Other difficulties are also linked with calculating the cost of living indices, which should be remembered when analyzing them. There is still no ideal, unambiguous method for calculating cost of living indices. In international practice, various indices are calculated, and in 90 percent of countries the method used for calculating them is similar to ours, i.e., values from a base or previous period are taken (i.e., according to Laspeyres' formula). Sometimes indices are counted on the "scale" of the period under consideration (according to Paaschi's formula). Indices calculated according to these formulae usually differ somewhat, and each of them answers a different question. Presently we are calculating indices according to both formulae, which are applicable to different kinds of analyses. We could also calculate the index according to Fischer's formula, as the Hungarians do. This is the geometric mean of the indices calculated according to the Laspeyres and Paaschi formulae, and has been called the "ideal index", although there are problems with its interpretation.

[Question] We have discussed the formation of nominal income and the cost of living, so it is now time to evaluate the changes in incomes and real wages, i.e., in the real purchasing power of the money which we dispose of.

[Answer] The interpretation of real income is usually related to the normal market. For this reason, in the "Small Statistical Yearbook of 1981", we did not include real income and wages, but later we returned to that category. It is, after all, an index used in international practice and in many comparisons.

[Question] How is the index of real income calculated?

[Answer] The calculation is simple: the index of nominal income is divided by the cost of living index and multiplied by 100. Thus, if your nominal income in 1982 rose by 30 percent as compared to 1981, that means that the index equals 130 percent, and the cost of living index amounted to 210 percent, so the index of real income is arrived at as follows:  $(130/210) \times 100 = 61.9$  percent. Thus your real income fell by 38.1 percent (since  $61.9 - 100 = -38.1$ ). We calculate the real income indices for individual groups of households in the same way. Thus, for working households, real income fell about 22 percent, since the index of nominal income amounted during this period to 160.5 percent, while the cost of living index was 205 percent, and thus  $(160.5/205.0) \times 100 = 78.3$ , and  $78.3 - 100 = -21.7$ .

This is the average fall in real income. For individual households the figures will be different. For example, for about 20 percent of working households real income fell by more than 40 percent, and for about 30 percent it rose by less than 10 percent.

[Question] Presumably real wages can be calculated in the same way, which many people will find very interesting.

[Answer] Yes. According to preliminary estimates, real wages fell by 28-30 percent last year. The difference between the decline in real income and the decline in real wages was caused by the system of compensation and by other changes, which considerably mitigated the decline in real wages. At the same time we estimate, in the "Statistical Bulletin", that the purchasing power of the average wage has sunk to its 1972 level. We consider, however, that the real income figures are more authoritative.

[Question] In other words, we have been set back in general consumption by ten years. And what happened to the purchasing power of the money of pensioners and annuitants?

[Answer] The fall in real income in households of pensioners and annuitants was about 16.5 percent, on the average, but here, too, there are significant differences, though they are somewhat smaller than in working households. For approximately 10 percent of the households of pensioners and annuitants, real income fell by over 40 percent, but a decline of no more than 10 percent is estimated for about 30 percent of these households. Here we can also see a clear dependence of the degree of the decline in real income on the level of income per person in 1981: the higher the income, the greater the decline. In the group of households with an average monthly income per person of less than 3,000 zlotys, real income fell by about 10 percent, while for households with incomes of more than 6,000 zlotys per person in 1981, it fell by over



40 percent. We can see here that the system of compensation clearly protects the economically weaker households.

Similar dependences are also observed in working households: in households with incomes below 3,000 zlotys per month, income fell by slightly more than 10 percent, but in the group with incomes of over 7,000 zlotys, it fell by almost 40 percent.

[Question] The decline in real income means that in spite of the fact that we have more cash to spend, we can buy less than before. How has the structure of expenditures changed in connection with this?

[Answer] Above all, the overall share of expenditures on food has considerably increased. In working households, from 36 to 50 percent, and in households of pensioners and annuitants, from 48 to 58 percent. There can also be seen a clear dependence of the share of food expenditures, out of total expenditures, on the level of income per person. For working households in the lowest income groups, that share amounted to about 60 percent, and in the highest groups it is around 45 percent. A similar dependence appears in the households of pensioners and annuitants. This is known as Engl's law. As society becomes impoverished, the share of expenditures on food out of total expenditures increases.

[Question] And when it surpasses 50 percent, this is recognized as an indicator of poverty. At the expense of what has the increase in food expenditures appeared? What are we giving up?

[Answer] In all household groups the share of expenditures on nonfood items and on services has sharply declined. For working households it fell from 55 percent in 1981 to 41 percent in 1982, and for households of pensioners and annuitants, from 48 percent to 36 percent. However, in real terms, i.e., after eliminating the influence of prices, the decline in the purchase of nonfood items and of services was about 30 percent; for purchases of clothing and footwear it went from 20 percent to 28 percent, for housing from 32 percent to 35 percent, for personal hygiene and health-care by about 26 percent, for culture, education, tourism and recreation from 28 percent to 32 percent.

[Question] In other words, there are many important things in life which we cannot afford. What other changes in consumption have been noted by the Main Statistical Office?

[Answer] In all types of households there was a decline in the level of overall consumption: by about 18 percent in working households, and by about 16 percent in families of pensioners and annuitants. In spite of the fact that we have spent significantly more on food, overall food consumption has declined, by about 6 percent for working households, and by about 9 percent for families of pensioners and annuitants.

At the same time there have been rather significant changes in the quantitative consumption of particular kinds of food items. We have noted an increase only in the areas of baked goods, fruit and sugar: for bread from 3 percent to 4 percent, for fruit and fruit products, from 16 to 20 percent. The increase in sugar consumption comes from the fact that in 1981 there were problems with supply, hence the increase in 1982 from 14 percent to 18 percent.

On the other hand, there was a considerable decrease in the consumption of grain products, aside from baked goods. Consumption of flour decreased by around 13 percent for working households, and by over 20 percent in households of pensioners and annuitants. Macaroni consumption was down by about 30 percent; consumption of porridge, rice and cereal flakes was down by about 15 percent.

Meat, offal and meat product consumption also declined from 15 to 20 percent. Pensioners and annuitants ate approximately 15 percent less butter, and approximately 30 percent less of other animal fats, but in working households the figure for butter was down by about 8 percent, and for other animal fats by about 5 percent.

Consumption of milk, cheese and vegetables remained almost constant.

Consumption of most articles increases with income. This applies primarily to meat and meat products, fish and fish products, animal fats, oil, cheese, sour cream and eggs.

[Question] From what you have said so far, these last data are the most illustrative and at the same time the most impressive. It follows from them that the consumption of most articles has considerably decreased, and that the standard of living has fallen. It is especially lower in the families of pensioners and annuitants, and in families with the lowest incomes per person, and thus we must assume, in families with the most children, i.e., in those which have obtained particularly many services; subsidies, pensions, etc., have been raised. One can therefore consider that the often criticized, allegedly excessive welfare activity of the state is by no means excessive. However, an accurate determination of "how much" lower the standard of living is seems less important. Instead I am interested in the limit. Is statistics capable of indicating this? The real limit beyond which one cannot go.

[Answer] I presume you are talking about the so-called minimum survival income. Statistics does not deal with these problems directly, but it offers indirect information, such as the prices of various articles, the socio-demographic composition of households, etc. It seems to be very difficult to precisely determine a survival minimum, a social minimum, or others. One must always accept certain assumptions which are accepted by some and rejected by others. It is difficult to find a certain unconditional minimum, hence so many controversies about these problems.

[Question] But that limit exists somewhere. Is not the social minimum, or as it is now called, the crisis minimum, becoming such a limit?

[Answer] The Main Statistical Office does not research any minimum, but supplies various institutions working on such problems with available information. The Institute of Labor and Social Affairs studies the matter of the social minimum. It seems that the minimum must be considered, but the results must be used with great caution.

Professor Lucyna Deniszczuk recently said some interesting things about the problem of the minimum in an interview for POLITYKA which appeared on 11 December 1982. What disturbed me in that interview was that the social minimum was used as a criterion for granting or withholding stipends or other social payments. But a number alone cannot decide this. I also doubt that the social minimum can be applicable in describing the poverty limit. A whole complex of research is essential for this, research which would make it possible to single out certain areas of poverty. We began such research in the fourth quarter of 1982, and plan to continue it. We have surveyed the material conditions of over 60,000 households, from which we obtained information not only one income, but also on housing conditions and possession of durable goods. We also collected the opinions of households with respect to their material condition, family problems, help received from various sources, and the forms of that help. The instructor conducting these surveys also evaluated the material situation of these families. We strove in this way to obtain information from different points of view. However, this is only the first step in that direction.

[Question] But certain things can be stated already. I would like to turn to a certain minimum or subminimum which should be, among other things, a starting point for the welfare activity of the state. It could also be helpful in separating that part of income payments which enable the worker and his family to live in tolerable conditions, from the part which serves to motivate him. If someone does not have enough for food, and has to "eat away" his savings, or has to borrow, and there are many such families, as has been shown by surveys of the Institute of Domestic Trade and Services, then that is already a subminimum.

[Answer] As I have already said, you will not find such a minimum at the Main Statistical Office, so you must seek it elsewhere, and you know where. The Main Statistical Office's job is to honestly describe existing reality, regardless of what it is like. However, certain bases, methods and procedures accepted in international practice are operative here, and we must act in accord with them.

[Question] In your opinion, are the results of Main Statistical Office research properly used? Is it possible to make better use of that research in the future, and if so, how?

[Answer] I do not deal with all the research done by the Main Statistical Office, so it is difficult for me to answer that question. But I can state that the results of research on family budgets and on prices do reach various institutions and scientific circles. It is only a pity that our publications are printed in limited numbers, and sell out after a few days.

It seems, however, that data on family budgets and on prices could be more widely used in various monographs. But here the closest cooperation between the Main Statistical Office and the users of the research would be essential.

[Question] You are the director of the Department of Social Research. In your opinion, do the surveys of family budgets reflect social reality?

[Answer] I consider that the present system of household surveys in Poland is unsatisfactory. For this reason, work has been started this year on a new, integrated system. Not only household income, expenditures and consumption will be included in surveys, but in addition the condition of health care, culture, education, and other social problems will also be taken into overall consideration. This will greatly increase our ability to analyze and correlate data from various fields. It is estimated that such a system will be ready by the end of 1985, but the first trials will be carried out in 1983.

[Question] Thank you for the interview.

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